

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, DECEMBER 17, 2008

10:00 A.M.

Reported by:
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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

James D. Boyd

Jeffrey D. Byron

Karen Douglas

Arthur H. Rosenfeld

STAFF and CONTRACTORS PRESENT

William Chamberlain, Chief Counsel

Claudia Chandler

Guido Franco

Andrea Gough

Tom Gorin

Mike Gravely

Melissa Jones, Executive Director

Linda Kelly

Helen Lam

Galen Lemei

Michael Lozano

Lana McAllister

Bill Pennington

Sarah Pittiglio

Mazi Shirakh

Larry Smith

Ruben Tavares

Jim Woodward

PUBLIC ADVISER

Elena Miller

ALSO PRESENT

Jeff Chapman, California Living & Energy

Robert Scott, California Home Energy Efficiency
Rating Services

Michael E. Bachand, CalCERTS, Inc.

Michael G. Hodgson, ConSol,
representing the California Building Industry
Association

Erik S. Emblem, 3E international Incorporated
representing the Joint Committee on Energy and
Environment and California Sheet Metal and Air
Conditioning Contractors National Association

Robert L. Knight, PhD, Bevilacqua Knight, Inc.,
representing California Building Performance
Contractors Association

Charles Segerstrom, Pacific Gas and Electric
Company

Thomas P. Conlon, GeoPraxis

Kathy Treleven, Pacific Gas and Electric Company

Manuel Alvarez, Southern California Edison

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P R O C E E D I N G S

10:02 a.m.

CHAIRPERSON PFANNENSTIEL: Good morning, I think we are ready to get started. This is the last Energy Commission Business Meeting of the year. So we will start. Unless people wanted to come we had one scheduled on New Year's Eve.

(Laughter)

CHAIRPERSON PFANNENSTIEL: All right, no takers. Please join me in the Pledge of Allegiance.

(Whereupon the Pledge of Allegiance was recited in unison.)

CHAIRPERSON PFANNENSTIEL: Big crowd, long agenda.

VICE CHAIRMAN BOYD: Madame Chair, point of order on the agenda.

CHAIRPERSON PFANNENSTIEL: Commissioner Boyd.

VICE CHAIRMAN BOYD: Did you like that segue?

(Laughter)

VICE CHAIRMAN BOYD: Well ladies and gentlemen, we do need to amend today's agenda to add an item zero to the agenda. And that is the

1 fact that as we all know, Commissioner
2 Pfannenstiel's term is coming to its end. She has
3 chosen not to seek, to stay with us or to seek
4 reappointment and today therefore is her last
5 Business Meeting. And we don't want this fact to
6 go by unnoticed. As you notice, Chairman
7 Pfannenstiel, it has not gone by unnoticed. A
8 long shot. We usually have 12 or 13 people in the
9 audience.

10 CHAIRPERSON PFANNENSTIEL: I thought
11 these people were all here to comment on the HERS.

12 VICE CHAIRMAN BOYD: Either that or we
13 have got the best agenda we have ever had,
14 correct. So we want to pause here to recognize
15 that we, all of us will be losing our Chairman, a
16 valued and respected colleague and a very good
17 friend, quite frankly.

18 I want to take time now to recognize
19 your contribution to this agency, to the
20 relationships, to the program, and frankly to the
21 people of the State of California. So we have
22 orchestrated a program that will take a few
23 moments, I'm sure you won't mind.

24 And I would like to lead off with a
25 document that I want to read into the record. And

1 it just so happens to be, as you can see, a letter
2 from the Governor dated December 17, Jackalyne
3 Pfannenstiel, Chairman, California Energy
4 Commission.

5 "It is an honor to send my
6 deepest appreciation for your
7 outstanding service as Chairman of
8 the California Energy Commission.
9 I applaud your commitment to
10 implement smart energy policies in
11 our state. Some of my top
12 priorities are to ensure that we
13 use energy responsibly and increase
14 our renewable energy sources, and
15 your talents and leadership have
16 made great strides towards
17 achieving these goals. Through
18 your tireless efforts you have
19 helped to advance cost-effective
20 energy efficiency standards and
21 develop the New Solar Home
22 Partnership Program, which will
23 help consumers save millions of
24 dollars, reduce the need to build
25 power plants and improve our

1 environment.

2 "Public service is a noble
3 calling and you can take great
4 pride in your work on behalf of the
5 people of California. Your
6 fantastic legacy of professionalism
7 and commitment will inspire many
8 for years to come and I commend you
9 for your hard work. Again, thank
10 you for your service to California.
11 Please accept my best wishes for
12 every happiness and success in your
13 future endeavors. Sincerely,
14 Arnold Schwarzenegger."
15 (Applause)

16 VICE CHAIRMAN BOYD: So now I believe
17 Commissioner Byron has a few things he would like
18 to say and wants to add to the celebration here.

19 COMMISSIONER BYRON: I do, thank you,
20 Commissioner. Madame Chairman, I have a
21 resolution from the Senate of the State of
22 California that I would like to read to you. It
23 is from the Honorable Loni Hancock, Ninth
24 Senatorial District, relative to commending
25 Jackalyne Pfannenstiel. There's a few whereases

1 in here.

2 "Whereas Jackalyne
3 Pfannenstiel is retiring as Chair
4 of the State Energy Resources
5 Conservation and Development
6 Commission after a stellar career
7 in energy policy spanning more than
8 30 years, it is appropriate at this
9 time to highlight her many
10 achievements and to extend special
11 public recognition and
12 commendations to her for her
13 professional accomplishments;

14 "And whereas after receiving
15 an undergraduate degree in
16 economics from Clark University,
17 and earning her master's degree
18 also in economics from the
19 University of Hartford in
20 Connecticut, Jackalyne Pfannenstiel
21 began her energy career in 1975 as
22 an economist with the Connecticut
23 Public Utilities Commission;

24 "And whereas Jackalyne
25 Pfannenstiel joined the California

1 Public Utilities Commission in 1978
2 where she served the people of
3 California as a senior economist
4 until 1980;

5 "And whereas from 1980 to 2000
6 Jackalyne Pfannenstiel worked for
7 Pacific Gas and Electric Company in
8 the energy policy and strategy
9 areas, starting as a manager and
10 rising to vice president of
11 planning and strategic initiatives.

12 And during this time she was a
13 member of Stanford University's
14 Energy Modeling Forum and chair of
15 the Energy Conservation Study;

16 "And whereas Jackalyne
17 Pfannenstiel continued her passion
18 for energy policy as an independent
19 consultant for the next several
20 years, providing assistance in
21 strategic planning and energy
22 policies to public agencies,
23 investment firms and energy
24 developers;

25 "And whereas since being

1 appointed to the California Energy
2 Commission in 2004 and becoming
3 Chair in 2006 Jackalyne
4 Pfannenstiel has expertly led the
5 Energy Commission in helping the
6 state move towards a more
7 sustainable future, including
8 directing the 2007 Integrated
9 Energy Policy Report, the road map
10 for meeting the state's energy
11 needs while reducing the state's
12 carbon footprint as required by
13 California statute;

14 "And whereas as Chair
15 Jackalyne Pfannenstiel guided the
16 New Solar Home Partnership, part of
17 the California Solar Initiative, a
18 collaborative with production home
19 builders to achieve high levels of
20 energy efficiency and incorporate
21 photovoltaic solar systems in new
22 construction, thus changing the
23 residential building practices to
24 benefit consumers and the
25 environment;

1 "And whereas Jackalyne
2 Pfannenstiel has graciously and
3 expertly represented the State of
4 California by making many
5 presentations at events to promote
6 the energy policy and strategies of
7 the state;

8 "And whereas Jackalyne
9 Pfannenstiel has served as a member
10 of the board for the Alliance to
11 Save Energy, Collaborative for High
12 Performance Schools, Western
13 Interstate Energy Board and Oakland
14 Museum Foundation Board, and serves
15 as a trustee on the Clark
16 University Board of Trustees;

17 "And whereas the contributions
18 of Jackalyne Pfannenstiel to the
19 strategic planning of the use of
20 energy resources to the people of
21 the state of California have been
22 invaluable and she has served as an
23 advocate of California's energy
24 policies with other nations, the
25 federal government and other states

1 to advance energy efficiency and
2 renewable energy throughout the
3 world;

4 "Now therefore be it resolved
5 by Senator Loni Hancock that
6 Jackalyne Pfannenstiel be commended
7 on her distinguished record of
8 leadership and valued service to
9 the California Energy Commission
10 and extend its sincere best wishes
11 for a rewarding and gratifying
12 retirement.

13 "Member Resolution number 54,
14 dated this 15th day of December,
15 2008. Honorable Loni Hancock, 9th
16 Senatorial District."

17 Congratulations.

18 CHAIRPERSON PFANNENSTIEL: Thank you.

19 (Applause)

20 COMMISSIONER BYRON: And if I may I
21 would just like to add a few of my remarks.
22 Madame Chairman, I recall when we first met about
23 five years ago when you came to the Silicon Valley
24 Leadership Group for our support of your
25 nomination to the Energy Commission. I remember

1 thinking, a former utility executive being
2 appointed to the environmental chair of the Energy
3 Commission. Needless to say, you certainly got
4 our support.

5 But then to get the opportunity to serve
6 with you for the second half of your term, I am in
7 awe of your dedication to this agency, your strong
8 efforts to uphold and promote environmental
9 initiatives and as a strong leader. You have been
10 the only Chair that I have known at the Commission
11 and I cannot imagine anyone filling those gigantic
12 size four or five shoes.

13 (Laughter)

14 COMMISSIONER BYRON: Thank you for your
15 service to this Commission, Jackie. I have
16 enjoyed working with you. I appreciate all that
17 you have accomplished. And I look forward to
18 continuing our friendship in your new capacity.

19 CHAIRPERSON PFANNENSTIEL: Thank you.

20 COMMISSIONER BYRON: Thank you.

21 (Applause)

22 COMMISSIONER BYRON: Now I believe
23 Commissioner Rosenfeld, our most senior
24 commissioner, is going to address something
25 relative to the feelings of all the Commissioners

1 here. Art.

2 COMMISSIONER ROSENFELD: I take extra
3 pleasure in this because this is signed by the
4 remaining four commissioners but it is on behalf
5 of the Energy Commission, which is all of you.

6 Now I admit coming third there's a
7 little bit of redundancy in these whereases but I
8 shall read them.

9 "Whereas Jackalyne
10 Pfannenstiel for 30 years --"
11 Jackie, I beat you by one year.

12 "-- has influenced
13 California's energy policy and
14 planning arena, first for the
15 California PUC then as vice
16 president for strategic planning
17 with PG&E, and most recently as the
18 Chairman of the California Energy
19 Commission;

20 "And whereas Jackie
21 Pfannenstiel has passionately
22 helped guide the Energy
23 Commission's efficiency and
24 renewable policies and programs
25 towards meeting the state's energy

1 needs while reducing greenhouse gas
2 emissions;

3 "And whereas Jackie
4 Pfannenstiel exhibited her
5 extraordinary ability to direct,
6 facilitate, coax, persuade and
7 ultimately build a road map for
8 California's energy policies with
9 her work on the 2006 IEPR, the 2007
10 IEPR, the 2008 IEPR, which have
11 been part of the Governor's and
12 Legislature's energy policy;

13 "Whereas Jackie Pfannenstiel
14 has been instrumental in advancing
15 the adoption of new, more stringent
16 energy efficiency standards for
17 appliances and buildings, making
18 California's energy programs the
19 most successful in the nation, and
20 advocating the adoption of load
21 management standards that will make
22 the state's electricity system more
23 efficient, more reliable and less
24 expensive;

25 "And whereas under her

1 leadership Jackie Pfannenstiel has
2 forged new relationships with the
3 California PUC staff and
4 Commissioners to implement the
5 Governor's Million Solar Roofs and
6 the California Solar Initiative,
7 including the launch of the
8 successful New Solar Homes
9 Partnership, to meet the 33 percent
10 renewable future and the successful
11 completion of the joint decision
12 and the annual energy action plan.

13 "And whereas Jackie has served
14 the people of California with
15 integrity, intelligence and
16 enthusiasm while keeping staff,
17 industry representatives and fellow
18 commissioners engaged with
19 analytical thinking, stimulating
20 dialogues and a calm demeanor;

21 "Therefore be it resolved that
22 the CEC acknowledges, values and
23 was privileged to have Jackie
24 Pfannenstiel --

25 Jackalyne Pfannenstiel in large type.

1 "-- serve this organization
2 and the citizens of California and
3 thank her for her leadership and
4 exemplary contributions to
5 California's energy and
6 environmental programs and
7 policies."

8 That is on behalf of all of you.

9 (Applause)

10 COMMISSIONER ROSENFELD: And it is not
11 framed yet but it will be.

12 And I want to say that coming third I am
13 not going to repeat everything good that Jeff
14 Byron said but it has been wonderful working with
15 you. Particularly on energy efficiency where I
16 think Jackie and I are both passionate.

17 I think we get good marks on Title 24,
18 new buildings, we get fair marks on major
19 retrofits and a little bit of trouble on existing
20 buildings but we'll get there.

21 CHAIRPERSON PFANNENSTIEL: Thanks, Art.

22 COMMISSIONER ROSENFELD: Thank you,
23 Jackie.

24 CHAIRPERSON PFANNENSTIEL: Thank you.

25 VICE CHAIRMAN BOYD: Thank you, Art.

1 And coming from the godfather of efficiency
2 that's --

3 (Laughter)

4 VICE CHAIRMAN BOYD: Commissioner
5 Douglas, would you like to say a few words as our
6 newest associate?

7 COMMISSIONER DOUGLAS: As the newest
8 Commissioner I actually don't have anything to
9 read you with a lot of whereases.

10 CHAIRPERSON PFANNENSTIEL: Thank you,
11 Karen.

12 COMMISSIONER DOUGLAS: But I suppose at
13 this point that may be a relief to you and
14 possibly to others. I just wanted to make a few
15 brief comments.

16 It has been a real honor to serve with
17 you on this Commission. You have been a great
18 inspiration and helped me in my first year on the
19 Commission. And I have seen you compile, even in
20 this one year, a really great set of achievements
21 in a wide range of areas. Certainly AB 32
22 implementation, energy efficiency and renewable
23 energy where I have had the opportunity to work
24 closely with you. I know in other areas as well.

25 We will no doubt have to find somebody

1 else now to lead us in the Pledge of Allegiance
2 every two weeks and no doubt somebody will rise to
3 the occasion and do that. But you'll very much be
4 missed here and we hope you will stay in touch to
5 the extent that you can.

6 CHAIRPERSON PFANNENSTIEL: Thank you,
7 Karen, Jeff, Jim and Art.

8 VICE CHAIRMAN BOYD: Well I have a few
9 more words to say.

10 (Laughter)

11 VICE CHAIRMAN BOYD: You don't get to
12 talk just yet. But I just want to say in
13 conclusion, I obviously won't repeat all that has
14 been said before. I was here when you got here.
15 I am apparently going to be here when you leave.
16 However, in reflecting on your term of office
17 here, it was a period of time when I think the
18 Commission was the most cohesive I have seen and
19 therefore I think the most productive.

20 The relationship with the Public
21 Utilities Commission, which has always been an
22 interesting issue and subject, I think has
23 improved immensely and I think it is the best
24 relationship that I have witnessed, both from my
25 almost seven years here to several other years

1 sitting close by and watching.

2 And I know that is very important for
3 the two premier energy agencies to have that
4 relationship. The Energy Action Plan was I guess
5 carried to its pinnacle on your watch. And more
6 importantly, the PUC's recognition of the
7 Integrated Energy Policy Report or IEPR as perhaps
8 the key energy plan for California. Those are
9 things that I think you can be very, very proud of
10 and can and should recognize the valuable
11 contribution that that will make in the future.

12 We struggled to have the Legislature pay
13 attention to the Integrated Energy Policy Report.
14 We have a few legislators that carry it around as
15 an item of almost religious dictum. But we are
16 making progress. And I think the Integrated
17 Energy Policy Reports that you have chaired have
18 made the greatest impression. So I think that is
19 a very important contribution.

20 I'll miss you, I'll miss your
21 friendship. I know you won't miss the commute.
22 But hopefully you will stay in touch with your
23 friends here at the Commission. I just wish you
24 well and always know that you have a large group
25 of friends here, as represented by the large

1 number of employees --

2 COMMISSIONER ROSENFELD: Overflowing.

3 COMMISSIONER BYRON: The overflowing
4 crowd that was aware that this was your meeting.
5 So the best of luck to you and I really do hope
6 you remain a friend to all of us in the future.
7 And let me give you the Governor's letter and I
8 want to give you a big hug.

9 CHAIRPERSON PFANNENSTIEL: And a hug.

10 (Applause)

11 CHAIRPERSON PFANNENSTIEL: This is one
12 of the most difficult Business Meetings I think I
13 have ever participated in.

14 I can't begin to thank everybody enough.
15 Certainly my colleagues on the dais. It is one
16 thing to be here in this challenging time and feel
17 like you are on your own, but I don't know what
18 that feels like because I have been surrounded by
19 really excellent colleagues. And we have done
20 everything we have done as a team.

21 The fact that we have unanimous votes on
22 most of what comes before us is not because we
23 come from the same backgrounds, the same
24 intellectual line of thinking, it is because we
25 all care very much and we are dedicated and we

1 want to do the right thing and we work hard. And
2 I can't imagine what the days were like when this
3 commission had a lot of controversy at the dais.

4 I have been very fortunate to be able to
5 serve with people as my colleagues up here today
6 and I will always attribute my successes at the
7 Commission to them and to you. This is a
8 remarkable agency. People use that word in
9 referring to the Energy Commission all the time
10 and I understand why. I have worked with many of
11 the people in this room personally and extensively
12 and many others I haven't worked with quite os
13 personally or extensively. But you are the
14 foundation of what we do. You are what make all
15 of us look good and be able to do good things for
16 the state of California.

17 And when I say that I am speaking really
18 to the Energy Commission staff but let me extend
19 that a bit to the many stakeholders. I know that
20 there are a few here today with whom we have
21 worked closely and that's important. Because we
22 are open and in fact respectful and needful of
23 input from the stakeholders, from those who are in
24 the energy field. And so we appreciate that.

25 So with all of that I can say I don't

1 know where I will be next year at this time. I am
2 pretty sure it will be in the energy field
3 somewhere since it is all I know, it's what I do.
4 But I know that wherever I am the experience at
5 the Energy Commission will stay with me and will
6 help to guide me in a lot of ways.

7 I promise I won't come back and haunt
8 you all even when my year is up but I will follow
9 what you do with interest and with respect. I
10 will always be proud of the fact that I have been
11 part of this organization. So with that let me
12 just say thank you and we will see each other
13 continually I'm sure.

14 (Applause)

15 CHAIRPERSON PFANNENSTIEL: Thank you
16 very much. Should we get on to work?

17 MS. CHANDLER: Just one thing. Can we
18 just kind of get a picture all together. We are
19 going to memorialize this.

20 (Whereupon, a photograph was
21 taken.)

22 CHAIRPERSON PFANNENSTIEL: Okay, this is
23 the working crowd here. With that let's move to
24 the published agenda and starting with the consent
25 calendar. Is there a motion to approve the

1 consent calendar?

2 COMMISSIONER ROSENFELD: I move the
3 consent calendar. After this morning I am
4 inclined to move the agenda but I guess we have to
5 go through it. I move the consent calendar.

6 VICE CHAIRMAN BOYD: I'll second that
7 motion.

8 CHAIRPERSON PFANNENSTIEL: All in favor?

9 (Ayes.)

10 CHAIRPERSON PFANNENSTIEL: The consent
11 calendar is approved.

12 Item number 2, possible approval of
13 Purchase Order 08-445.03-008 for \$39,000 to
14 Lippman Consulting, Inc. for a one-year
15 subscription to the web-based natural gas
16 databases and models. Good morning.

17 MR. TAVARES: Good morning,
18 Commissioners. My name is Ruben Tavares and I am
19 part of the California Energy Commission's staff.

20 This morning we are requesting from the
21 Commission authorization to renew a current
22 subscription that we have with Lippman Consulting
23 for one year to access natural gas databases. We
24 currently have access to natural gas production in
25 North America and also for natural gas flows

1 through the pipelines through Lippman Consulting.

2 The current cost for those two databases
3 is \$34,000. However, Lippman Consulting is
4 offering us to have access to another five
5 databases plus also two models that they have
6 developed, one to simulate production of natural
7 gas for five years. They are offering us all of
8 those five databases plus the two models for an
9 additional \$5,000 for the first year. So the
10 total will be \$39,000 for the first year.

11 For the second year, however, if we
12 found those databases and models usable, then we
13 have to pay \$52,000, and on the third year,
14 \$65,000. However, we can cancel, modify the
15 subscription anytime. So we have that prerogative
16 to do it.

17 The data that we use is very useful to
18 us because it is very unique data. It is almost a
19 standard in the industry. We have seen it. Many
20 consultants, even government agencies use the
21 data. So with that we would like to request from
22 the Commission approval to renew the subscription.
23 If you have any questions I will be happy to
24 answer them.

25 CHAIRPERSON PFANNENSTIEL: Thank you.

1 Are there questions?

2 No questions. Is there a motion?

3 COMMISSIONER BYRON: Madame Chair, if I
4 may. We reviewed in Electricity and Natural Gas
5 and someone certainly should be commended for the
6 pricing structure here and the opportunity to
7 review this software at a lower cost. But they
8 will lure us in, I suspect. Staff will look at
9 whether or not this is indeed worthwhile, these
10 additional databases are worthwhile. I think
11 Commissioner Boyd may be much more familiar with
12 the database than I am. But we reviewed it and
13 approved it and I would move the item.

14 VICE CHAIRMAN BOYD: And I'll second it
15 as the other member of the Committee and just
16 comment that indeed as Ruben says, at the end of
17 the year we will look to see how much smarter this
18 made us. How much better we are in our price
19 forecast in the future and whether we will make
20 the investment in future years.

21 CHAIRPERSON PFANNENSTIEL: Moved and
22 seconded. All in favor?

23 (Ayes.)

24 CHAIRPERSON PFANNENSTIEL: It's
25 approved, thank you.

1 MR. TAVARES: Thank you.

2 CHAIRPERSON PFANNENSTIEL: Item 3,
3 possible approval of Purchase Order 08-409-.00-005
4 for \$100,000 with Network Design Associates, Inc.
5 for project specific and desktop productivity
6 application training and support. Good morning.

7 MR. SMITH: Good morning, Chairman and
8 Commissioners. My name is Larry Smith and I am
9 the information technology services branch
10 manager. And I am seeking approval for the Energy
11 Commission to enter into an agreement with Network
12 Design Associates, Incorporated to provide
13 consulting services to the information technology
14 services branch that provide desktop productivity
15 application training and Macintosh specialist.

16 This agreement is the result of a
17 Request For Offer made under the Department of
18 General Services California Multiple Award
19 Schedule or CMAS. The Commission issued the
20 Request For Offer for two consultants. One was to
21 provide desktop productivity and application
22 training.

23 And here we are looking at -- with AB
24 118 we are looking at providing training for the
25 research development and fuels and transportation

1 division staff on the program information
2 management system application, which we are
3 incorporating AB 118 into now. And to train new
4 employees on orientation to the Energy Commission
5 environment and then to train staff on basic file
6 management for the computer, group-wise and web
7 mail and remote access.

8 And the Macintosh specialist we are
9 looking at bringing in to provide Macintosh
10 hardware and software support, network integration
11 and capability analysis and to do some application
12 and database maintenance and support.

13 Two offers were received and evaluated
14 and today I am requesting the approval for the
15 purchase order with Network Design Associates,
16 Incorporated in the amount of \$100,000 for up to
17 12 months. Do you have any questions?

18 CHAIRPERSON PFANNENSTIEL: Thank you,
19 Mr. Smith. Are there questions?

20 VICE CHAIRMAN BOYD: I'll move approval
21 with the side comment that knowing that Chairman
22 Pfannenstiel is a Mac fan.

23 CHAIRPERSON PFANNENSTIEL: But not in
24 the office.

25 VICE CHAIRMAN BOYD: And now discovering

1 that we have all this Macintosh capability we are
2 adding to our staff just as you are going out the
3 door --

4 CHAIRPERSON PFANNENSTIEL: I know.

5 VICE CHAIRMAN BOYD: I'm sure it's a
6 fine thank you.

7 CHAIRPERSON PFANNENSTIEL: I tried to
8 get a Mac in my office.

9 COMMISSIONER BYRON: And I would like to
10 add to that. I do not own any Macintosh or Apple
11 stock but I bought my first one in 1984 and I just
12 bought another one last month. But I still lug my
13 PC around. So yes, I am very interested --

14 CHAIRPERSON PFANNENSTIEL: Was that a
15 second?

16 COMMISSIONER BYRON: There are some
17 members of the IT community here in this
18 organization that know I am a closet Mac fan and
19 they need to do something about it. No, I
20 certainly second this.

21 CHAIRPERSON PFANNENSTIEL: Further
22 discussion? All in favor?

23 (Ayes.)

24 CHAIRPERSON PFANNENSTIEL: Thank you.

25 And then you will continue on to the

1 next item, 4, possible approval of Purchase Order
2 08-409.00-006 for \$250,000 with Enterprise
3 Networking Solutions, Inc. to provide technical
4 support and systems integration for the Energy
5 Commission's information technology
6 infrastructure.

7 MR. SMITH: Yes, Chairman and
8 Commissioners. I am seeking approval for the
9 Energy Commission to enter into an agreement with
10 the vendor Enterprise Network Solutions
11 Incorporated to provide specialized services and
12 support required to integrate complex systems and
13 technologies into the Energy Commission's IT
14 infrastructure.

15 We are looking at, we have taken a very
16 aggressive schedule of activities to implement a
17 good base infrastructure for the Energy Commission
18 to add a lot of applications and data, GIS support
19 and elements such as that. We look at the staff
20 that we have, we went them to the appropriate
21 training to do the business of IT, but we still
22 need somebody to come in and support us in our
23 project efforts.

24 That is why we issued the offer for a
25 contractor to provide the services and personnel

1 with the necessary expertise, knowledge and
2 experience in the areas of technology
3 architecture, help desk integration, architecture
4 feasibility analysis, data communications and
5 technology performance audits and evaluation
6 reviews. So that they would be supporting what we
7 do and giving us some knowledge transfer so that
8 we could better serve the Commission.

9 Four offers were received; one offer was
10 rejected and three were evaluated. Today I am
11 requesting for approval of a purchase order with
12 the vendor Enterprise Network Solutions in the
13 amount of \$250,000 for up to 12 months. Any
14 questions?

15 CHAIRPERSON PFANNENSTIEL: Are there
16 questions? Discussion?

17 VICE CHAIRMAN BOYD: Move approval.

18 COMMISSIONER DOUGLAS: Second.

19 CHAIRPERSON PFANNENSTIEL: All in favor?

20 (Ayes.)

21 CHAIRPERSON PFANNENSTIEL: Thank you,
22 Mr. Smith.

23 MR. SMITH: Thank you.

24 CHAIRPERSON PFANNENSTIEL: Item 5,
25 possible approval of Work Agreement MRA-02-079 for

1 \$250,000 under Master Research Agreement 500-02-
2 004 with the Regents of the University of
3 California to update and improve the California
4 Energy Balance database. Mr. Franco, good
5 morning.

6 MR. FRANCO: Good morning Commissioners
7 and Chairman. My name is Guido Franco, I am with
8 your Public Interest Energy Research program.

9 In 2005 the PIER program released a
10 report, what we know as the California Energy
11 Balances, and also we released a data set that is
12 available to the general public. What Lawrence
13 Berkeley National Lab did was to harmonize and
14 consolidate different sources of energy data,
15 creating just one database.

16 The database has been very useful. For
17 example, the Air Resources Board used the data set
18 to estimate CO2 emissions from the combustion of
19 fossil fuels, which was included in their official
20 greenhouse gas inventory that was released and
21 prepared for AB 32. They are also using the data
22 set for economic analysis and we are also using it
23 for some of our PIER projects.

24 For this project LBNL will be doing
25 different things but the two main things will be

1 to update the data sets with new data that is
2 available now. Also to document, better document
3 the different data, data points. And also to
4 populate the data sets with as much information as
5 possible going back to the 1970s. We are working
6 very closely, of course, with the Air Resources
7 Board and with other offices here in the Energy
8 Commission.

9 So with that I am ready to answer any
10 questions that you may have.

11 CHAIRPERSON PFANNENSTIEL: Thank you,
12 Guido. Are there questions?

13 Any discussion?

14 VICE CHAIRMAN BOYD: I move approval.

15 COMMISSIONER ROSENFELD: Second.

16 CHAIRPERSON PFANNENSTIEL: All in favor?

17 (Ayes.)

18 CHAIRPERSON PFANNENSTIEL: It's
19 approved.

20 And then Item 6, possible approval of
21 competitive Grant Agreement PIR --

22 MR. FRANCO: Yes, in --

23 CHAIRPERSON PFANNENSTIEL: Let me
24 finish, PIR-08-010, awarding \$399,900 to Desert
25 Research Institute to advance knowledge of

1 appropriate methods for long-term monitoring of
2 groundwater resources and recharge in the
3 mountains of California. Thank you.

4 MR. FRANCO: This is a grant. It was
5 selected using a competitive process. And this
6 and the next four items were part of that request
7 for proposals. My colleague Sarah Pittiglio will
8 be covering the other four, I will be addressing
9 this particular one.

10 A paper published about two years ago
11 indicated, surprisingly, that snow melt
12 contributes substantially to the recharge of
13 groundwater resources in mountainous areas like
14 the Sierra Nevada. This was a surprise to the
15 scientific community, in part because it was
16 assumed that groundwater recharge was minimally
17 affected by snow melt. Our current models that we
18 are using to estimate climate change impacts don't
19 consider this effect so we need to modify our
20 models.

21 At the same time there's a lot of
22 methods that could be used to study this
23 phenomenon in better detail, in much detail, in
24 more detail. So with this project DRI, UC Santa
25 Barbara and USGS will investigate different

1 methods that could be used to estimate groundwater
2 recharge from snowmelt. They will be using micro-
3 gravity measurements, they will be using isotopes
4 and they will be using the concentration of
5 compounds like chlorophyll, carbons and sulphur
6 hexachloride to get a better handle of this
7 problem. With that I am ready to answer any
8 questions that you may have.

9 CHAIRPERSON PFANNENSTIEL: Thank you.
10 Are there questions?

11 No? Discussion? A motion?

12 VICE CHAIRMAN BOYD: Move approval.

13 COMMISSIONER BYRON: Second.

14 CHAIRPERSON PFANNENSTIEL: In favor?

15 (Ayes.)

16 CHAIRPERSON PFANNENSTIEL: Thank you,
17 Mr. Franco.

18 Item 7, possible approval of competitive
19 Grant Agreement PIR-08-006, awarding \$199,997 to
20 the University of California at Davis to determine
21 the historical changes in landscape vegetation in
22 the Sierra Nevada and prepare the State of
23 California for effective monitoring of
24 California's forested regions under climate
25 change. Good morning.

1 MS. PITTIGLIO: Good morning,
2 Commissioners. I am Sarah Pittiglio. I am with
3 the Public Interest Energy Research Program. As
4 Guido mentioned before, the next three items I am
5 going to present are all from a competitive
6 solicitation that we released in March and then
7 the fourth item I am presenting is an MRA
8 contract. Just to be clear.

9 So this first contract is with UC Davis.
10 In a previous contract with UC Davis researchers
11 digitized hundreds of Wieslander historical
12 vegetation maps that go back to the early 1900s.
13 And they were able to digitize them and develop a
14 history for both climate and vegetation in the
15 Sierra Nevada over the past 70 years.

16 They found that all of the ecological
17 bounds in the Sierra Nevada have shifted upwards
18 in elevation due to climate change. Like the
19 Ponderosa Belt, for example, has shifted up 600
20 feet in elevation in the Sierra Nevada.

21 This study aims to augment that data set
22 with additional resurveys. The study also aims to
23 prepare the state for effective monitoring of
24 California's forested regions under climate change
25 by installing a series of monitoring plots along a

1 PIER-funded weather station network. So at these
2 weather station networks along the elevational
3 gradient they are going to install vegetation
4 plots that can monitor vegetation right next to
5 these weather stations so they will have a really
6 great, robust data set and they will also be
7 measuring parameters like soil moisture.

8 This will provide a better capacity to
9 link historical trends from previous surveys to
10 ongoing monitoring efforts. The Resources Agency
11 has publicly announced that they are leading the
12 preparation of a climate change adaptation plan
13 for California and PIER is intended to be the
14 research arm of that effort. And studies such as
15 this will provide essential data for helping to
16 develop and monitor the effectiveness of future
17 adaptation efforts.

18 I am happy to answer any questions you
19 have.

20 CHAIRPERSON PFANNENSTIEL: Thank you.
21 These four flora and fauna proposed studies are
22 really quite interesting when we take them
23 together. Are there questions on this one? No?

24 VICE CHAIRMAN BOYD: Move approval.

25 COMMISSIONER DOUGLAS: Second.

1 COMMISSIONER ROSENFELD: Second.

2 CHAIRPERSON PFANNENSTIEL: In favor?

3 (Ayes.)

4 CHAIRPERSON PFANNENSTIEL: Okay.

5 Then number 8, possible approval of
6 competitive Grant Agreement PIR-08-008, awarding
7 \$299,424 to Winrock International to provide a
8 full assessment of deforestation caused by urban
9 development and the associated greenhouse gas
10 emissions since 2000.

11 MS. PITTIGLIO: Int his contract they
12 will use fine scale imagery of deforested areas to
13 determine the amount of deforestation in
14 California. They will then conduct field analyses
15 of three regions in California to assess direct
16 and indirect emissions associated with
17 deforestation so indirect would include heating
18 cost of new buildings that they built on those
19 sites that became deforested.

20 They will also link analyses on the
21 economics and policy implications of current and
22 future deforestation for development.

23 This knowledge will make it possible to
24 consider the costs and benefits of different forms
25 of development and to guide policy decisions about

1 development.

2 They will establish factors to allow
3 full accounting for development in the future at
4 state, local and project scales.

5 They will also create guidelines for
6 local governments to minimize emissions and
7 maximize carbon sequestration at urban development
8 sites.

9 This is also important work that will
10 help the Resources Agency in developing adaptation
11 strategies. Do you have any questions about this
12 contract?

13 CHAIRPERSON PFANNENSTIEL: Questions?

14 None? Comments? A motion?

15 VICE CHAIRMAN BOYD: Move approval.

16 COMMISSIONER DOUGLAS: Second.

17 CHAIRPERSON PFANNENSTIEL: In favor?

18 (Ayes.)

19 CHAIRPERSON PFANNENSTIEL: Thanks.

20 Item 9, possible approval of competitive
21 Grant Agreement PIR-08-001, awarding \$199,999 to
22 the Regents of the University of California at
23 Berkeley to produce data on the history of bird
24 occupancy in the coastal counties of California by
25 resurveying sites in the historical Grinnell

1 Survey.

2 MS. PITTIGLIO: Yes. This project will
3 look for shifts, local extinctions and
4 colonizations of coastal birds in response to
5 climate change. This work is important because
6 current model-based predictions of how ranges will
7 respond to future climates are both alarming in
8 that they are predicting a lot of extinctions and
9 they are also highly uncertain, which makes it
10 difficult to inform policy.

11 So in order to plan for adaptation we
12 need to know the effects of climate change in the
13 past and how it will affect species in the future.
14 The contractors will use the unique Grinnell
15 Survey. The Grinnell Survey is the oldest and
16 largest historical survey of birds and animals in
17 the country. The survey began in 1903 and has
18 already shown that the geographic distribution of
19 animals in the state has changed due to climate
20 change.

21 But in this contract they will examine
22 changes in bird occupancy at 60 to 70 sites in the
23 central and northern coastal ranges of California.
24 This project will produce an estimation of
25 occupancy for 70 to 100 different bird species

1 that will test the ability of climate change
2 models to predict future species' ranges.

3 The electricity generating sector
4 contributes about 23 percent of all the greenhouse
5 gas emissions in California. So since the PIER
6 electricity program is a major source of emissions
7 this research program should support climate
8 change science in California and contribute to the
9 studies needed to estimate impacts and adaptation
10 options. Happy to answer any questions.

11 CHAIRPERSON PFANNENSTIEL: Are we the
12 only ones that you know of who are doing this kind
13 of work on birds, for example? We have several
14 different categories but in this one, the bird
15 surveys in California.

16 MS. PITTIGLIO: The only agency?

17 CHAIRPERSON PFANNENSTIEL: Well the only
18 group of any sort, whether a state agency or a
19 university or other researchers or a foundation.

20 MS. PITTIGLIO: Research is going on
21 among the -- on the UC campuses that is similar to
22 this but not necessarily funded by the CEC or
23 state agencies.

24 CHAIRPERSON PFANNENSTIEL: When you say,
25 similar to this. I am just trying to figure out

1 whether we are the only ones doing this, using the
2 Grinnell Survey to look specifically at the bird
3 occupancy on the coast.

4 MS. PITTIGLIO: That's a good question.
5 The Grinnell Survey is a public database. I mean,
6 anyone can access it. It's at the UC Berkeley
7 Museum of Vertebrate Zoology. So researchers
8 across the country actually use the Grinnell
9 database. Even researchers in other states have
10 used it to look at occupancy in California. So
11 yes, there's other research going on.

12 CHAIRPERSON PFANNENSTIEL: Thank you.
13 Are there questions?

14 VICE CHAIRMAN BOYD: Move approval.

15 COMMISSIONER BYRON: Second.

16 CHAIRPERSON PFANNENSTIEL: All in favor?

17 (Ayes.)

18 CHAIRPERSON PFANNENSTIEL: It's
19 approved.

20 Item 10, possible approval of PIER Work
21 Authorization MRA-02-080 for \$124,747 under the UC
22 Master Research Agreement 500-02-004 with the
23 Regents of the University of California - Office
24 of the President/CIEE to build and test models
25 designed to estimate changes in the distribution

1 of small mammals in the Sierra Nevada using the
2 historical Grinnell Survey database.

3 MS. PITTIGLIO: Currently the
4 performance of models that predict the
5 geographical ranges of animal species in the
6 future is poor. Given the current state of
7 knowledge it is risky to predict changes in
8 species ranges to guide adaptation strategies or
9 policy decisions. The requested funds will be
10 used to build a more accurate model by taking
11 advantage of the Grinnell Survey.

12 The first objective of this project is
13 to build a model that will simulate historical
14 changes in the geographical ranges of small
15 animals in the Sierra Nevada due to climate change
16 over the past century. The model will be
17 validated using data from the Grinnell Survey.

18 And then once they have created a model
19 that can simulate the historical changes in faunal
20 occupancy the second objective is to then use the
21 validated model to predict the effects of climate
22 change on small animals and birds in the Sierra
23 Nevada out to 2050.

24 So just to be clear, this contract
25 differs from the last one in that this contract is

1 a modeling contract for small animals in the
2 Sierra Nevada, whereas the grant that I talked
3 about previously was building a data set, a
4 historical data set of occupancy in the coastal
5 range on bird species. I just wanted to clarify
6 the difference.

7 In addition to providing information on
8 mammal ranges the model will also provide useful
9 inputs from models that predict vegetation ranges,
10 surface albedo and climate.

11 Our program is clearly instructed by the
12 IEPR to create regional climate models to inform
13 policy every five years. We currently only are
14 producing climate models that use atmospheric
15 inputs, but the next generation of climate models
16 we produce will be coupled atmospheric and
17 terrestrial models that will incorporate inputs
18 from models such as this.

19 I'm happy to answer any questions.

20 CHAIRPERSON PFANNENSTIEL: Questions?

21 COMMISSIONER BYRON: Madame Chair.

22 CHAIRPERSON PFANNENSTIEL: Yes,
23 Commissioner Byron.

24 COMMISSIONER BYRON: Ms. Pittiglio,
25 there's a number of projects here and I know

1 there's probably others that we have approved in
2 the recent years. How do these all come back
3 together? They are all different durations; they
4 span 12 to 31 months if I understand correctly.
5 Is there any kind of summary that all this
6 information comes back together that can provide
7 an informed set of information for this
8 Commission?

9 MS. PITTIGLIO: Yes, certainly. And all
10 the researchers are aware of the other researchers
11 that we are funding. And also it is really nice
12 at the annual climate change conference to have
13 all these researchers come together and
14 communicate about the research that they are
15 individually. But we certainly do have a larger
16 picture in mind when we choose these projects.

17 And the projects that we chose through
18 the RFP were certainly directed. I mean, the
19 topics for the RFP were pretty specific. And we
20 also listen to the research needs of other
21 agencies. It has particularly been nice, recently
22 we have been a part of the climate adaptation
23 strategy team. It has been real useful to hear
24 the research needs of nonprofit agencies and other
25 state agencies. So I really strongly feel that we

1 are fulfilling those needs through these
2 contracts.

3 COMMISSIONER BYRON: So if I understood
4 you, the primary way that we get the information
5 as a result of this, besides reading the reports,
6 would be that climate conference that you
7 mentioned.

8 MS. PITTIGLIO: Yes.

9 COMMISSIONER BYRON: Okay.

10 VICE CHAIRMAN BOYD: Commissioner, let
11 me add to that a little bit. We on occasion as an
12 agency do produce and issue bulletins and
13 brochures addressing some of this research. The
14 conference is a very significant venue for the
15 exchange of information.

16 In fact I was going to mention in
17 reference to the Chairman's earlier question, it
18 dawned on me that Dr. Terry Root of Stanford --
19 there, I said the word, has at our conference
20 often addressed climate change impacts on both
21 avian and mammal species. And I'm sure is one of
22 the preeminent researchers and a huge supporter of
23 the efforts that this agency has made in research.

24 Lastly, and a place you will soon have
25 available that will chronicle a lot of the work is

1 the climate action team soon-to-be published
2 report on the climate action program of California
3 and the chapter on research, which basically has
4 been prepared here at this agency, will probably
5 be the best documentation of the multiple state
6 agency research programs, which you will find, not
7 surprisingly, is dominated by the work of this
8 agency.

9 CHAIRPERSON PFANNENSTIEL: And if I
10 might, I would also offer that on the R&D
11 Committee both Commissioner Boyd and myself have
12 been agitating for PIER to find more ways of
13 publicizing the very good work that they do. I
14 think that a lot of what we do does get out to the
15 scientific community and it does get out to a
16 large extent to the stakeholder community actually
17 involved in climate adaptation and those forums.

18 But I think that Jim and I have been
19 looking for are ways of getting it out to the
20 public. Letting people know what we do and what
21 we are finding and how important it is in getting
22 some of the valuable work outside of just talking
23 with each other but to the more general public.

24 COMMISSIONER BYRON: Thank you.

25 CHAIRPERSON PFANNENSTIEL: Further

1 questions, discussion?

2 COMMISSIONER BYRON: I'll move the item.

3 VICE CHAIRMAN BOYD: Second.

4 CHAIRPERSON PFANNENSTIEL: All in favor?

5 (Ayes.)

6 CHAIRPERSON PFANNENSTIEL: All approved,
7 thank you.

8 Item number 11, possible approval of
9 Amendment 1, adding \$1,225,602 to Contract 500-06-
10 052 with Electric Power Research Institute to
11 continue participation in collaborative research
12 projects. Mr. Gravely, good morning.

13 MR. GRAVELY: Good morning, Madame
14 Chairman and Commissioners. I am Mike Gravely
15 from the R&D division.

16 I am here today requesting approval.
17 This represents three years of memberships in EPRI
18 and five separate EPRI programs. EPRI offers over
19 200 separate programs you can enter and we picked
20 the ones we consider the most valuable to the R&D
21 division. And those have been reviewed with the
22 R&D Committee and approved.

23 In this case we are looking at energy
24 efficient transmission research, energy storage,
25 intelligent grid or smart grid, power quality and

1 clean coal and carbon sequestration are the areas
2 we have here.

3 In addition to this, with the other
4 members it represents approximately \$20 million a
5 year in research that we have opportunity to share
6 in and influence and also the ability to meet with
7 other utilities and other researchers throughout
8 the country at technical meetings and
9 coordinations. We have had several of these
10 memberships for many years and these are the ones
11 we feel are most beneficial to the Commission. So
12 I am asking for your approval today to go forward
13 with it.

14 CHAIRPERSON PFANNENSTIEL: Thank you,
15 Mike. I might offer that the R&D Committee spent
16 time looking at each of these five areas and
17 challenging them. And I would say we most
18 especially challenged the Coal Fleet for Tomorrow
19 area saying, gee, there is no coal production in
20 California, why are we using our money to look at
21 that.

22 And we were convinced that, in fact,
23 this was a good investment because the rest of the
24 country is, of course, very heavily dependant on
25 coal. And we need to know what is going on, we

1 need to be part of the research in that area. And
2 so we came away, the R&D Committee came away
3 convinced that this was in fact a good investment.

4 With that, are there questions?

5 COMMISSIONER ROSENFELD: Just a comment.
6 Mike did mention, this is a three year contract, I
7 think.

8 MR. GRAVELY: That's correct. This is
9 for three years membership.

10 COMMISSIONER ROSENFELD: So actually
11 it's only \$400,000 a year.

12 MR. GRAVELY: That's correct.

13 COMMISSIONER ROSENFELD: And the
14 leverage is an impressive like 50 to 1. And we do
15 breathe the air from Nevada.

16 CHAIRPERSON PFANNENSTIEL: Correct.

17 COMMISSIONER BYRON: Madame Chair?

18 CHAIRPERSON PFANNENSTIEL: Yes,
19 Commissioner Byron.

20 COMMISSIONER BYRON: I think that's
21 certainly the strength of this is the leverage. I
22 am really glad to see us participating in all of
23 these and I appreciate the comments on the clean
24 coal program, what they call the Coal Fleet for
25 Tomorrow. Not having the benefit of that

1 discussion in the R&D Committee, I am also very
2 glad that we are participating in this.

3 I know coal is a four-letter word but
4 the carbon capture sequestration aspect of this is
5 extremely important and it applies to natural gas
6 as well. The last time I looked natural gas emits
7 half as much CO2 as burning coal does per megawatt
8 hour. So we are going to need this technology if
9 not for coal certainly for natural gas. And I
10 agree with you, Madame Chairman, the rest of the
11 country is not giving up all of its coal plant
12 anytime soon.

13 I am very much in favor of this highly
14 leveraged R&D. But I would also ask staff to take
15 full advantage of this. Participate in these
16 programs and throw your heft around, Mr. Gravely,
17 so that indeed we get out of this what California
18 needs.

19 MR. GRAVELY: Yes sir.

20 CHAIRPERSON PFANNENSTIEL: With that is
21 there a motion for approval?

22 VICE CHAIRMAN BOYD: I'll move approval
23 and I will make a coal comment also, which is a
24 very rare thing for this commission. But number
25 one, we have to acknowledge the fact that like it

1 or not a fairly substantial amount of the
2 electricity we are using today does come from coal
3 and so we can't ignore that fact, as the Chairman
4 indicated.

5 Secondly, we are members of the family
6 of western states and the Western Governors
7 Association and some of those states have supplies
8 of coal and look upon coal as an incredibly
9 important economic element in their states, like
10 it or not.

11 So as we work with the western states
12 and the western region and within WECC and
13 everything else, while we have set goals with
14 regard to the cleanliness of the power we want to
15 use in this state everybody has to kind of
16 collaborate and cooperate on what we do to make
17 coal indeed as clean as it can be. Because it is
18 going to be there for awhile.

19 So I would move approval of the whole
20 item and just indicate that's part of the debate
21 we had on the subject of coal. Which is a four
22 letter word in this state. We need a second.

23 COMMISSIONER BYRON: I'll second it.

24 CHAIRPERSON PFANNENSTIEL: All in favor?

25 (Ayes.)

1 CHAIRPERSON PFANNENSTIEL: Thank you,
2 Mike.

3 MR. GRAVELY: Thank you.

4 CHAIRPERSON PFANNENSTIEL: Item 12,
5 possible approval of Contract 500-08-023 for
6 \$479,650 with Gas Technology Institute to develop
7 and demonstrate the Transport Membrane Condenser
8 at a California industrial drying host site. Good
9 morning.

10 MR. LOZANO: Good morning,
11 Commissioners. My name is Mike Lozano and I am
12 here today to present a project awarded funding
13 through this summer's industrial ag/water
14 competitively bid RFP entitled Waste Heat
15 Recovery.

16 The food processing, paper driving and
17 industrial chemical industries utilize process
18 heating streams which generate low-grade waste
19 heat below 500 degrees fahrenheit. This low-grade
20 energy is difficult to recover for two reasons.
21 First, the relatively low temperature provides
22 insufficient driving force for heat transfer.
23 Second, water vapor condensation at lower
24 temperatures can cause equipment corrosion because
25 of CO2 and/or SO2 content.

1 An approach must be developed to recover
2 the low-grade heat effectively. Such an approach
3 is the Transport Membrane Condenser or TMC. The
4 TMC accomplishes this by condensing water vapor
5 inside the ceramic membrane pore structure so the
6 gas-side heat transfer resistance is greatly
7 decreased and the overall heat transfer
8 coefficient increased. In layman's terms,
9 basically we are lowering the dew point of the
10 exhaust gas so we can use existing heat transfer
11 technology to extract more energy.

12 Analysis of industrial drying suggests that
13 California can save 4.2 trillion Btu of natural
14 gas per year, which translates roughly to about
15 forty to fifty million in annual fuel savings for
16 the users, plus 242,000 tons of avoided CO2
17 emissions and 225 million gallons of clean water
18 recovered. This represents 100 percent market
19 penetration.

20 The proposed research represents an
21 investment of public funds in the amount of
22 \$479,650 over a period of four years. Matched
23 funding in the amount of \$150,000 has been pledged
24 by the partner. The \$479,650 will be funded out
25 of the 2007 natural gas research program budget of

1 \$18 million and represents about 2.7 percent of
2 the budget.

3 And I am recommending that this project
4 be adopted. I am open to any questions now.

5 CHAIRPERSON PFANNENSTIEL: Are there
6 questions about the project?

7 Is there a motion for approval?

8 VICE CHAIRMAN BOYD: I would like to
9 move approval of this item and just again make a
10 quick comment that I can't underscore enough my
11 support for this project and the importance of it.
12 In the discussions leading to and the development
13 of the 2005 IEPR we concentrated heavily on the
14 issue of waste heat and water resource it turns
15 out to be in this state and the desperate need to
16 capture that resource.

17 And any project that we undertake to
18 further that effort is very welcome to us, and
19 certainly to me. And food processing is a huge
20 industry in this state and there could be some
21 very significant direct benefits in that arena.
22 So I would like to move very strong approval of
23 this item.

24 CHAIRPERSON PFANNENSTIEL: Is there a
25 second?

1 COMMISSIONER BYRON: Second.

2 CHAIRPERSON PFANNENSTIEL: All in favor?

3 (Ayes.)

4 CHAIRPERSON PFANNENSTIEL: Thank you.

5 MR. LOZANO: Thank you.

6 CHAIRPERSON PFANNENSTIEL: Item 13,

7 possible certification of the Residential

8 Compliance Manual for the 2008 Building Energy

9 Efficiency Standards. Good morning, Mazi.

10 MR. SHIRAKH: Good morning,

11 Commissioners. I am the project manager for the

12 building energy efficiency standards. Today staff

13 is requesting possible certification for the

14 Residential Compliance Manual for the 2008

15 Building Standards. There are actually two

16 manuals, residential and non-residential manuals.

17 Today we are only presenting the residential

18 manual.

19 The 2008 Building Energy Efficiency

20 Standards were adopted by the Commission on April

21 23, 2008 and by the Building Standards Commission

22 on September 11, 2008.

23 The Warren-Alquist Act requires the

24 Commission to certify the compliance manuals at

25 least 180 days prior to the effective date of the

standards, which is set for August 1, 2009.

The Residential Compliance Manual is designed to help owners, designers, building contractors, energy consultants and others to comply with California's building standards. The manual allows enforcement agency staff to better enforce the standards.

This manual is written as both a reference and instructional guide and can be helpful to anyone who is directly or indirectly involved in design and construction of the energy efficient buildings in California. The manual is written in plain English and includes numerous questions and answers and graphic aids on different subjects to help the users understand the standards and better comply with them.

The 2008 Building Standards include new requirements and/or updates to the building involving mechanical, water, heating and lighting systems of the buildings. The standards also include new electronic filing requirements for compliance documentation. This version of the manual reflects all these updates and more changes.

The drafts of the manual have been

1 publicly available through the Energy Commission
2 website since last July. As a result the
3 Commission staff, our consultants and PG&E's team
4 have received and processed hundreds of comments
5 related to the manuals, which have resulted in a
6 very effective document for implementation and
7 compliance with the standards.

8 Staff believes that it has resolved many
9 concerns that were raised and has properly
10 addressed all comments. Staff would like to thank
11 all organizations and individuals who contributed
12 to the contents of this manual, especially
13 representatives of KBAC, EnergySoft and ConSol.

14 The non-residential compliance manual
15 will be presented for possible certification the
16 first Business Meeting in January, January 14,
17 2009. We'll miss Jackie for that vote.

18 So with that I'll be happy to answer any
19 questions that you might have.

20 CHAIRPERSON PFANNENSTIEL: Thank you,
21 Mazi. Let me before we get into further
22 discussion. There is one person who has asked
23 perhaps to speak on this, Jeff Chapman of
24 California Living and Energy. Would you like to
25 speak now or wait?

1 MR. CHAPMAN: No, I'll wait, thank you.

2 CHAIRPERSON PFANNENSTIEL: Thank you.

3 Let me just say that the staff has done
4 a fabulous job in putting this manual together.
5 The standards themselves were a lot of work and
6 then putting this usable, useful document as an
7 accompaniment I think was also a major amount of
8 work. Are there questions on this?

9 COMMISSIONER ROSENFELD: I have a
10 question for Mazi. This is a huge document and
11 there are probably still some problems. But is
12 this now --

13 MR. SHIRAKH: It's 512 pages.

14 COMMISSIONER ROSENFELD: Which I have
15 not read. Is this now frozen for three years?
16 What happens now if you want to improve or clarify
17 something?

18 MR. SHIRAKH: We could still make minor
19 changes, non substantive changes after
20 certification. But we have other means of
21 addressing public comments. We have the Blueprint
22 newsletter that we issue periodically. That is
23 the vehicle for addressing ongoing comments which
24 will continue to come to the staff. And we will
25 use that periodical to address those issues.

1 COMMISSIONER ROSENFELD: Very good.

2 CHAIRPERSON PFANNENSTIEL: Thank you.

3 Is there --

4 COMMISSIONER ROSENFELD: Jeff has
5 something.

6 CHAIRPERSON PFANNENSTIEL: Sorry,
7 Commissioner Byron.

8 COMMISSIONER BYRON: Well, I don't get
9 opportunity much to work with the energy
10 efficiency staff but I am very impressed with the
11 skills it takes to work through all this and work
12 with all the different parties. I forget the
13 number that I read in here. It says 27 different
14 organizations. So my hat is off to you and the
15 energy efficiency group. These are very difficult
16 to work through but I think this Commission does
17 it very well. So thank you.

18 MR. SHIRAKH: Thank you, Commissioner.

19 CHAIRPERSON PFANNENSTIEL: Is there a
20 motion?

21 COMMISSIONER ROSENFELD: I move the
22 item.

23 CHAIRPERSON PFANNENSTIEL: Is there a
24 second?

25 COMMISSIONER DOUGLAS: I second.

1 COMMISSIONER BYRON: Second.

2 CHAIRPERSON PFANNENSTIEL: All in favor?

3 (Ayes.)

4 CHAIRPERSON PFANNENSTIEL: Thank you,
5 Mazi, it's approved.

6 MR. SHIRAKH: Thank you.

7 CHAIRPERSON PFANNENSTIEL: Item 14,
8 possible adoption of proposed amendments to the
9 California HERS Program Guidelines and the HERS
10 Technical Manual, which is proposed for adoption
11 by reference in the regulations. Good morning,
12 Ms. Lam.

13 MS. LAM: Good morning, Chairman
14 Pfannenstiel.

15 CHAIRPERSON PFANNENSTIEL: And
16 Mr. Pennington, sorry.

17 MS. LAM: Good morning, Chairman
18 Pfannenstiel and Commissioners. I am Helen Lam
19 from the buildings and appliances office and
20 project manager for the HERS Base II regulations.
21 To my right is Bill Pennington, manager of the
22 buildings and appliances office.

23 This morning staff and the Efficiency
24 Committee recommend adoption of the proposed
25 amendments to the California HERS program

1 regulations. I would like to give you some
2 background on the proposed regulations and the
3 regulatory development process that we followed.

4 As you know Public Resources Code
5 Section 25942 directs the Energy Commission to
6 establish a statewide HERS program for residential
7 dwellings. The overall goal of this program is to
8 provide reliable information to differentiated the
9 energy efficiency among California homes and guide
10 investment and cost-effective home energy
11 efficiency measures.

12 In 1999 the Energy Commission adopted
13 the Phase I California HERS program regulations
14 under this statutory authority to utilize HERS
15 raters to provide field verification and
16 diagnostic testing services for showing compliance
17 with the California Building Energy Efficiency
18 Standards. Under the Phase I regulations the
19 basic HERS program infrastructure for training and
20 certification of raters, quality assurance and
21 uniform reporting and data management was
22 established.

23 In 2005 the Energy Commission adopted
24 the AB 549 report to the Legislature titled,
25 Options for Energy Efficiency in existing

1 buildings. The AB 549 report identified a need
2 for the Energy Commission to complete Phase II of
3 the California HERS program to address the
4 remaining elements of Public Resources Code
5 Section 25942 to provide energy efficiency ratings
6 for existing residential buildings.

7 The purpose of the proposed regulations
8 before you today is to extend the basic HERS
9 program structure adopted in Phase I regulations
10 to meet statutory direction necessary to provide
11 oversight for whole house home energy ratings of
12 existing and newly constructed homes.

13 These elements include consistent,
14 accurate and uniform ratings based on a single,
15 statewide scale, reasonable estimates of potential
16 utility bill savings and reliable recommendations
17 on cost-effective measures to improve energy
18 efficiency and labeling procedures that meet the
19 needs of home buyers, home owners, the real estate
20 industry and mortgage lenders.

21 According to the AB 549 report there are
22 over 13 million existing residential buildings in
23 California. More than half of the existing
24 buildings were built before the first energy
25 efficiency standards were established in 1978.

1 While many have been upgraded over time, these
2 older buildings represent a large reserve of
3 potential energy and peak demand savings.

4 The AB 549 report concluded that home
5 energy ratings will provide valuable information
6 regarding existing conditions of energy consuming
7 features in a home and the cost-effectiveness of
8 alternatives to improve their energy use. The
9 information may be important to the value and
10 desirability of particular property and is
11 necessary if owners are considering investing in
12 energy efficiency improvements.

13 Implementing Phase II of the HERS
14 program proceeding will establish an oversight
15 function for home energy ratings consistent with
16 the legislative intent. The HERS program will be
17 a fundamental element of strategies for improving
18 the efficiency of existing homes. The proposed
19 amendments establish a systematic process for the
20 delivery of whole house home energy ratings that
21 provide California home owners and home buyers
22 with information about the relative energy
23 efficiency of the homes that they live in or homes
24 that they are considering for purchase and
25 evaluation of the cost effectiveness of options to

1 achieve greater energy efficiency in those homes.

2 The proposed amendments set up a
3 structure to ensure that these ratings and cost-
4 effective analyses are technically accurate, done
5 with quality and avoid conflicts of interest to
6 protect consumers. These amendments govern what
7 is to be addressed by whole house home energy
8 raters, how they are to be established, and the
9 procedures for persons providing the services of a
10 HERS provider or HERS rater.

11 The HERS pre-rulemaking activities
12 included a staff workshop in May and an efficiency
13 Committee workshop in August of this year to
14 obtain public comments on the draft HERS
15 regulations and the HERS Technical Manual, which
16 is incorporated by reference.

17 Staff engaged in numerous meetings and
18 discussions involving the Efficiency Committee and
19 stakeholders both before and after the workshops
20 to refine the proposed regulations and the HERS
21 Technical Manual.

22 On October 3, 2008 the Energy Commission
23 published a Notice of Proposed Adoption together
24 with the 45 day language express terms to start
25 the formal rulemaking process.

1 The Efficiency Committee held a hearing
2 on October 15, 2008 to receive public comments on
3 the 45 day language. Subsequent to the Committee
4 Hearing written comments were filed by several
5 stakeholders. The Efficiency committee concluded
6 that changes to the 45 day language were necessary
7 in order to further include the HERS program to
8 respond to public comments.

9 Therefore the Efficiency Committee
10 postponed the adoption of the proposed 45 day
11 language and released further amendments to the
12 proposed regulations through 15 day language on
13 December 1, 2008 to start the 15 day public
14 comment period.

15 These proposed regulations, including
16 both 45 day and 15 day language changes are before
17 you today for adoption and staff is here to answer
18 any questions you may have.

19 CHAIRPERSON PFANNENSTIEL: Thank you,
20 Ms. Lam. Are there questions? We do have a
21 number of parties who have asked to speak on this
22 but first questions from the Commissioners.

23 Okay, let's move into the comments.
24 Mr. Chapman, would you like to speak to this item?

25 MR. CHAPMAN: Thank you for your

1 kindness, and also for this day for you. Quite an
2 accomplishment for you.

3 CHAIRPERSON PFANNENSTIEL: Thank you.

4 MR. CHAPMAN: A quick question of staff.
5 Building performance contractors. How would you
6 limit their scope as a rater? What language would
7 you use to limit their scope, or is it limited?

8 MR. PENNINGTON: There are five or six
9 pages in the HERS Technical Manual that describe
10 the duties of a building performance contractor
11 and how they would address energy assessments as
12 well as the construction process for installing
13 improvements and the post-construction process to
14 evaluate the quality of those improvements.

15 Under these regulations they are a
16 category of whole house home energy raters that
17 have special considerations and special oversight
18 from the Commission and by providers that oversee
19 them. I don't know if that is responsive to your
20 question.

21 MR. CHAPMAN: No, that's very
22 responsive, thank you, Bill.

23 Will there -- When the provider gives
24 them the rating so they are recognized as raters
25 will they be doing new construction as well as

1 existing homes or just existing homes?

2 MR. PENNINGTON: These regulations
3 address newly constructed homes as well as
4 existing homes for the purpose of doing whole
5 house home energy ratings. There will be ratings
6 as a result of that for all homes that are in the
7 market so that, you know, a potential purchaser of
8 a home can differentiate the energy efficiency of
9 both new homes and existing homes.

10 MR. CHAPMAN: Thank you very much.

11 CHAIRPERSON PFANNENSTIEL: Thank you
12 Mr. Chapman. Charles Sutterstrom, Pacific Gas and
13 Electric Company.

14 SPEAKER IN THE AUDIENCE: He stepped
15 out.

16 CHAIRPERSON PFANNENSTIEL: Robert Scott
17 of CHEERS.

18 MR. SCOTT: Robert Scott, California
19 Home Energy Efficiency Rating Services or CHEERS.
20 And good morning, I appreciate the opportunity to
21 make comments.

22 CHEERS as a Commission-approved HERS
23 provider supports adoption of HERS Phase II of the
24 California home efficiency regulations. I think
25 it is really important to understand that

1 establishing this framework is going to be very
2 important, especially considering the kind of
3 activity that we are going to perhaps see in the
4 coming months and years. And so having some
5 common structure, something that we can depend on,
6 I think is enormously important.

7 This is, I think, what a lot of us have
8 been working for and it is now about to arrive.
9 With that being said, with the regulations come an
10 awful lot of work in terms of implementing this
11 and doing things and I would encourage the
12 Commission to direct staff to work with the
13 stakeholders, including HERS providers, utilities,
14 industry associations and such in helping us put
15 the tools together so we can actually do this in
16 the time frame that is being proposed here of
17 August.

18 I think we have a lot of things to work
19 with with HERS software, with databases, with the
20 way we handle utility rates. All of these things
21 need to be handled very carefully. And I think
22 that if we collaborate and do this we should come
23 up with something really good and be able to
24 respond. So thank you very much.

25 CHAIRPERSON PFANNENSTIEL: Thank you,

1 sir. Mike Bachand, CalCERTS.

2 MR. BACHAND: Thank you, Commissioners.

3 Mike Bachand from CalCERTS. Congratulations to
4 you Chairman Pfannenstiel. I want to personally
5 thank you on behalf of myself and the HERS
6 industry for the support that you and also
7 Commissioner Rosenfeld especially have given to
8 our efforts in the field to help the Commission
9 reach its energy efficiency goals.

10 And also before you go I would like to
11 answer a question a little bit better. You asked
12 me about six months, are we interested in being in
13 the existing homes market. The answer is, of
14 course, yes. It is a huge part of our business.
15 We have supported staff with vigorous and
16 passionate mostly, mostly public comments about
17 what we think the HERS Phase II rulemaking should
18 look like. And we appreciate that opportunity so
19 we would like to thank you for that.

20 And I would also like to give a personal
21 thanks to Bill Pennington for answering and
22 responding to some serious issues that came up
23 very last minute. He called a couple of meetings
24 sort of on the instant basis with the appropriate
25 people and so we would like to say thanks for his

1 gracious help with that. And we would like to be
2 allowed to continue to put in our passionate but
3 well-meaning comments to these proceedings.

4 CHAIRPERSON PFANNENSTIEL: You're
5 invited to do so.

6 MR. BACHAND: Thank you. And we also
7 hope that whoever fills your chair again in the
8 future will have your wisdom and your forethought
9 in carrying on this effort, thanks.

10 CHAIRPERSON PFANNENSTIEL: Thank you
11 very much, Mr. Bachand.

12 Mike Hodgson from ConSol. Although I
13 see you say CBIA and ConSol.

14 MR. HODGSON: Good morning, Madame
15 Chair, Commissioners and staff. I am Mike Hodgson
16 representing the California Building Industry
17 Association, which is a trade association of
18 California home builders, as well as my own
19 company ConSol, an energy consulting firm based in
20 Stockton, California.

21 First I will take a personal side.
22 Chairman Pfannenstiel, thanks for your service to
23 California while at the Energy Commission. I
24 compliment you on your leadership, on your
25 problem-solving ability, your consensus ability

1 and your tolerance.

2 CHAIRPERSON PFANNENSTIEL: Thank you.

3 MR. HODGSON: It's been a good ride I
4 think for the Energy Commission and I think it has
5 been very productive and useful working with not
6 only the Commissioners but staff during the last
7 five years. The level of contentiousness and
8 animosity has been reduced drastically and I think
9 that is both towards leadership as well as towards
10 leadership within staff.

11 CHAIRPERSON PFANNENSTIEL: Thank you.

12 MR. HODGSON: Comments on the
13 rulemaking. CBIA fully supports the adoption of
14 the Phase II rulemaking. Our primary objective of
15 sponsoring AB 549 was to rate homes in the state
16 of California. New homes are very efficient, old
17 homes are not. We want that to be very well known
18 and very well publicized.

19 We have attended workshops, expressed
20 our concerns, and we have two remaining concerns
21 which we have made in public comments and also at
22 both workshops. The first concern has to do with
23 the rating scale and the second concern on the
24 flexibility of the rating certificate. These
25 comments staff is aware of and has responded to

1 satisfactorily but I just want to bring them to
2 the Commissioners' awareness.

3 The first comment, we submitted a recent
4 public comment on the rating scale which is
5 currently from zero, which is zero energy homes,
6 to 250. And in looking at existing housing stock,
7 about 60 percent of the housing stock by our
8 estimate would be beyond the scale. So beyond
9 250. And so we need to know or we need to have
10 that prominently on the certificate to say, if you
11 are a 425 that, you know, you need to improve
12 yourself, or if you are a 350.

13 So our suggestion to expand the scale is
14 probably not appropriate at this time since we are
15 in 15 day language and going to adopt. But we
16 would like the ability to revisit that in the very
17 near future if the signals to the consumers are
18 not getting through.

19 The second issue, which is more serious
20 to us, is there's a lot of us in the building
21 industry and the energy efficiency world that are
22 trying to promote energy efficient mortgages,
23 either on a first time cost-effectiveness, on a
24 day one cost-effectiveness, on a life cycle cost-
25 effectiveness. There's lots of different ways to

1 try to do this.

2 We have been working with energy
3 efficient mortgages for over ten years from FHA,
4 VA, Freddie, Fannie, Ginny, et cetera. There's
5 kind of a new world out there in the last 90 days.
6 There is a group run through the National
7 Association of Home Builders and the Appraisal
8 Institute trying to get a uniform procedure for
9 qualifying utility, energy efficiency savings on
10 to mortgage qualification documents. We don't
11 know what that is going to look like. we don't
12 know where it is going to be on the desktop
13 underwriter, which is the actual mechanism that a
14 lot of these secondary mortgage groups use to
15 qualify people for lending.

16 So what we would like to know is, in the
17 certificate which is jam-full of information, and
18 it is very appropriate that it is, is we would
19 like some flexibility on that certificate if this
20 group comes up or if Freddie says, I'd like it on
21 the upper left hand corner and I want this, this
22 and this, we want to be able to say, you betcha.
23 We want to give it to you under this certificate
24 that is approved by the HERS rulemaking.

25 We discussed this with staff. We

1 believe there is flexibility. There is a
2 tremendous amount of information on that page.
3 Not that you want to lose necessarily some of it.
4 But six font is probably a little bit small for me
5 to read and for underwriters to read. So we want
6 to know that if we do these improvements and save
7 \$43 a month, that that consumer then can purchase
8 either a larger home or more stuff in the home or
9 just qualify. There's all sorts of issues.

10 So what we are here to do is support the
11 rulemaking. We would like assurances that there
12 is flexibility if we have wrong signals. Staff
13 has said there is going to be an annual review
14 process. We are not really sure what that is.
15 We'd like to understand that better. And we want
16 to make sure that we accommodate the mortgage
17 industry. Thank you for your time.

18 COMMISSIONER ROSENFELD: Mike I have a
19 question for you.

20 MR. HODGSON: Yes.

21 COMMISSIONER ROSENFELD: I think the
22 last point you made is particularly important
23 because there's all this national discussion now
24 of more money for retrofit as an economic stimulus
25 so you certainly have our attention. What I

1 wasn't quite clear about is, does that require
2 changes in the 15 day language or are you just
3 telling us to stay alert?

4 MR. HODGSON: I don't think it requires
5 changes in the 15 day language, assuming that the
6 certificate that is approved through this process
7 is flexible. Right now, Commissioner Rosenfeld,
8 there's -- I would say 85 percent of that page is
9 preordained with text and information and then
10 there is a small portion where you can put logos.

11 What I would like to be able to do,
12 assuming we have some type of agreement from one
13 of the major underwriters or hopefully this group
14 of underwriters to say, we would like this
15 information on utility savings based on some scale
16 to be put in the upper right hand corner of your
17 energy saving certificate. I would like the
18 flexibility to come back to staff and say, can we
19 put it in the upper right hand corner. I think
20 the natural answer for us is, yes. We hope the
21 flexibility is there through the approval process
22 if that's true. What we want to do is stimulate
23 the market for energy efficiency --

24 COMMISSIONER ROSENFELD: Darn right.

25 MR. HODGSON: -- put into existing

1 housing. I know we all agree on that. We just
2 want to make sure we have flexibility on how to do
3 it.

4 COMMISSIONER ROSENFELD: Who could I
5 ask? Bill Pennington, do you think you have the
6 flexibility now? Are you comfortable with leaning
7 it that way?

8 MR. PENNINGTON: We think that the
9 connectiveness of this process to energy efficient
10 mortgages is potentially a huge opportunity. In
11 the past energy efficient mortgages have kind of
12 fallen on their face and have been largely
13 unsuccessful. There is a new interest in trying
14 to do better than that that Mike is referring to
15 here and it could be very important for this
16 program to connect to that in order to promote
17 improvements in energy efficient buildings.

18 The regulations lay out the type of
19 information that should be, should appear on a
20 certificate and provide a detailed sample of what
21 that would look like. But the regulations dictate
22 very few of the items on that certificate in terms
23 of its exact look and its exact placement.

24 So we would intend to work with -- In
25 fact, ConSol may help us be a, may be a catalyst

1 for helping us to work with the mortgage lenders.
2 And so we are very anxious to work through that.
3 And we think we have the flexibility to make
4 adjustments that are needed. With the current
5 language, if we find that there is a barrier there
6 then there would be a regulatory way to change it.

7 COMMISSIONER ROSENFELD: Good.

8 CHAIRPERSON PFANNENSTIEL: Thank you, I
9 think that's a good answer. I think that that
10 then should give Mike the assurance that staff at
11 least believes that there is sufficient
12 flexibility to do what you need to have done.

13 MR. HODGSON: I would like staff and the
14 Commissioners to believe that there's flexibility
15 that we can do this. Because if there's not we'll
16 be back.

17 CHAIRPERSON PFANNENSTIEL: In adopting
18 this the Commissioners so direct the staff to work
19 with you and others to make those changes as they
20 would --

21 MR. HODGSON: Right. I mean, we have
22 mutual interests here. I mean, we want to promote
23 efficiency in existing homes. California has 13.2
24 million of those over --

25 COMMISSIONER ROSENFELD: All leaking.

1 MR. HODGSON: Not all, but I would say
2 about 70 to 80 percent of them.

3 COMMISSIONER ROSENFELD: Most, I correct
4 myself.

5 MR. HODGSON: Yes. And two-thirds built
6 prior to any energy code at all. Lots of
7 opportunity.

8 CHAIRPERSON PFANNENSTIEL: Thank you.

9 MR. HODGSON: Thank you for your time.

10 CHAIRPERSON PFANNENSTIEL: Erik Emblem
11 from the Joint Committee on Energy and
12 Environment.

13 MR. EMBLEM: Good morning, Madame
14 Chairman, distinguished Commissioners. As
15 everybody else I want to commend Chairman
16 Pfannenstiel on your tenure and acknowledge a lot
17 of accomplishments. I'm glad to hear you are
18 still going to be around out there so that's good.

19 On the HERS II. The committee that I
20 represent was formed by California SMACCNA,
21 representing contractors throughout the state.
22 That's the sheet metal and air conditioning
23 contractors and we deal primarily with the heating
24 and air conditioning systems within buildings,
25 from residential all the way to industrial/

1 commercial.

2 And we are here today to support the
3 adoption of the HERS II and to commend staff on
4 the process. I think that this is a monumental
5 document and there's a lot there. It's taken a
6 lot of hard work and a lot of collaboration with a
7 lot of interesting and well-meaning people.

8 With that I would like to raise some
9 caution flags. One, we just talked about
10 mortgages. I had the pleasure of serving on a
11 bank board for ten years and being on a loan
12 committee for about five of those and being on
13 internal review for five of those, so I understand
14 the underwriting process of mortgages.

15 And as we know America is in some unique
16 times as a result of some poor oversight and maybe
17 regulation review that wasn't done. So as we
18 create a process that becomes a part of an
19 underwriting process and the mortgage, the
20 mortgage industry is going to look at you for
21 enforcement. That you enforce what you have
22 approved. And that the enforcement is uniform and
23 that it is something that they can, that they can
24 verify, it is verifiable.

25 And I think there is a caution because

1 there is a lot here. There's an awful lot here
2 and there is a lot of subjectivity in this
3 process. And in saying that, we support it so it
4 is not like we are saying that -- I don't think
5 there is a better way to go about it then you have
6 gone about it. But I want to just reflect on the
7 HERS process. I want to go back a little bit to
8 my own experience.

9 I bought a house here in May of last
10 year, about six blocks from here. And it had a
11 HERS rater that did the process. It's a townhome.
12 There's four different models in one building. I
13 was the only owner to ask for a copy of the HERS
14 certificate and ask for the energy modeling.

15 Lo and behold, the model I am in was not
16 reviewed on any of them for review. I've
17 discussed this with -- I don't want to mention any
18 names, companies or anybody but on the HERS
19 certificate it verified equipment that is not in
20 my unit. Made by a manufacturer that is not
21 installed in the unit.

22 I just want to call your attention that
23 we know we have some problems with ongoing
24 verification and enforcement of existing codes and
25 standards and that we are doing things and the

1 Energy Commission has taken some very positive and
2 proactive processes to address these.

3 But with HERS II we are going into a
4 different realm. We are creating criteria for
5 underwriting mortgages. And the mortgage industry
6 obviously is kind of high on everybody's scale.
7 So it's just kind of a caution flag.

8 One of the recommendations I have and
9 for you to consider, and that has to do with
10 oversight of the people who are actually going to
11 be watching this, and that's the providers. And
12 my thought is, perhaps we should look to require
13 providers to become ISO certified, become ANSI
14 certified. ISO does have a process for
15 certification entities to become certification.

16 And it is painful but it is very, very
17 well put together. And it requires people to
18 self-audit, take care of themselves and then it
19 has an outside review by peers that go in and
20 review their process. And it might make your
21 world a little easier.

22 Maybe if we look out three years from
23 now in the next code cycle and take a look at that
24 as a possible venue for looking at building the
25 credibility on the HERS system. Because I think

1 it is needed and I think the HERS system has a lot
2 of liability. California is blazing the trail for
3 the whole country. And I see other states
4 emulating what you are doing here, and rightfully
5 so. Basically they are stealing all the work you
6 have done.

7 So again, we are in favor of this. We
8 commend everybody for the hard work, Bill and your
9 staff. It's just a great job. And the caution
10 flag is on monitoring it.

11 And one other thing, and this is
12 something you will hear from me on some other
13 issues in the future. Is this was developed for
14 the residential sector. And we feel strongly that
15 it is applicable or transferrable to the non-
16 residential sector. And we would be happy to work
17 with you on pointing out those issues and it is
18 not really appropriate in this meeting. But we
19 think this is good and we think that the statute
20 gave you the authority to promulgate this for
21 residential application. But we think it would be
22 out of the purview of the statute to take it into
23 anything other than residential applications.
24 Thank you for letting me speak.

25 CHAIRPERSON PFANNENSTIEL: Thank you

1 very much. Bob Knight from the California
2 Building Performance Contractors Association.

3 DR. KNIGHT: Good morning, I am Bob
4 Knight. I am representing the California Building
5 Performance Contractors Association on behalf of
6 Randel Riedel, the managing director, who is sick,
7 and I appreciate the opportunity to say a few
8 words. And they are going to be fewer words than
9 I expected to speak because this is turning into
10 something of a love fest on behalf of this
11 process, which I share.

12 I am very much in support of the new
13 HERS regulations. And I am particularly grateful
14 to Bill for including CBPCA in a lot of time we
15 spent on the phone in separate discussions trying
16 to make sure we understood the needs of home
17 performance contractors and the role that they can
18 play in this.

19 And that's what is new about these
20 regulations really. That it is no longer just
21 raters doing ratings and perhaps audits quite
22 independent of whoever does the work. This is a
23 new model, pioneered by the EPA and DOE, Home
24 Performance with Energy Star, which is the program
25 that we offer in California that integrates into

1 one step the analysis and the remediation of a
2 home, subject to external, independent
3 verification and quality assurance.

4 We think that model is needed. Just a
5 moment for perspective. If you look at AB 32, the
6 IEPR and the California Energy Efficiency
7 Strategic Plan we are looking at a need to reduce
8 energy use in the existing housing stock in
9 California by about 40 percent between 2012 and
10 2020. That's roughly an order of magnitude better
11 than what all the utility programs to date have
12 been doing. So it is a staggering goal.

13 According to the Inter-governmental
14 Panel on Climate Change, it is only California's
15 part of what everybody is going to have to do. So
16 there is nothing, even though it seems incredibly
17 ambitious, it's needed. We are all going to have
18 to do it. And this is a time for new ways of
19 doing things, a time for change, not just sticking
20 with the old models. So we are particularly
21 appreciative that the home performance contractor
22 community has been inserted into this as part of
23 the new HERS II proceeding.

24 And I could go on and on about
25 describing what we do and why it is so important

1 and how we take care of issues such as conflict of
2 interest and quality assurance and so forth but I
3 think that has been well-settled in both written
4 comments and in the workings of the staff.

5 So once again I want to cite my support
6 and my thanks to the staff and I am looking
7 forward to the implementation of these
8 regulations. Thank you for this opportunity.

9 CHAIRPERSON PFANNENSTIEL: Thank you,
10 Mr. Knight. Charles Sutterstrom, PG&E. Could you
11 pronounce it correctly, I can't. Your handwriting
12 threw me.

13 MR. SEGERSTROM: Good morning, Charles
14 Segerstrom, PG&E Codes and Standards Program.

15 CHAIRPERSON PFANNENSTIEL: Segerstrom,
16 thank you.

17 MR. SEGERSTROM: Good morning, Madame
18 Chairman and other Commissioners.

19 I rise in support of adoption of this
20 regulation today, because it is an urgent matter
21 with regard to implementation of home energy
22 rating programs for the existing housing stock.
23 We see a potential avalanche of programs coming
24 the way of existing homes, for good reason, even
25 though the existing home programs have represented

1 high hanging fruit with regard to cost-
2 effectiveness. It is now time to build a ladder
3 to reach to that fruit and this process enables
4 that. PG&E supports it wholeheartedly,
5 appreciates the opportunity to comment.

6 CHAIRPERSON PFANNENSTIEL: Thank you
7 very much. I have no other blue cards for people
8 -- Yes, somebody else who would like to speak to
9 this.

10 MR. CONLON: Thank you, Madame Chair and
11 Commissioners. I rise too in support. My name is
12 Tom Conlon, I am here representing GeoPraxis and
13 Energy Checkup, a service of GeoPraxis. And I
14 won't belabor the love fest I think it was called,
15 because I certainly want to just support all of
16 those positive statements about this proceeding
17 and the work of the staff and consultants that
18 went into it.

19 What I do want to focus us on as we move
20 forward in the wake of Commissioner Pfannenstiel
21 as chair is that we are reaching for higher fruit
22 and it is going to be a challenge to get there.
23 And I think the process we have just been through
24 is a give-me to no one, to no group in the
25 California community, and that indicates the

1 Commission is probably doing its job.

2 As an organization that is responsible
3 for over 30,000 energy ratings in California prior
4 to these regulations being put into effect I
5 believe it probably affects us and our business
6 more directly than anyone else in this room. And
7 so we know we are going to have to bring our
8 standards up to meet these new requirements.

9 We are actually quite supportive of
10 doing so and we want you to understand that we
11 know it is going to take a lot of work. Not just
12 by ourselves but also by the providers and the
13 staff of the Commission and making sure that the
14 playing field is level.

15 I would like to push us beyond though
16 simplistic understanding of energy efficiency as
17 the sole goal of the California Title 24
18 regulations, and especially now the existing home
19 standards. Because Title 24 remains the basis of
20 the software procedures and the technical
21 requirements that we have in front of us we
22 continue to point ourselves towards relative
23 energy efficiency relative to a baseline or a
24 reference home.

25 And it will be hard to explain to

1 consumers that a 3200 square foot new home, which
2 is more energy efficient than a comparable 3200
3 square foot home but actually uses more energy on
4 an absolute basis, has a -- that older home with
5 the smaller footprint may actually be, it will
6 appear to be a poorer rated home. And that is
7 going to become a communications challenge to
8 practitioners and the general public that the
9 Commission will have to deal with moving forward.

10 And I believe that as we move into
11 future proceedings, on the technical requirements
12 we should start to look beyond just energy
13 efficiency and look also into absolute energy
14 performance of a building.

15 The final thing here is that these
16 regulations are necessary but not a sufficient
17 condition for the creation of the energy rating
18 community and business that we expect the industry
19 will produce. So I'd hope the Commission will
20 move quickly into implementing the pilot program,
21 programs perhaps that are envisioned and were
22 envisioned of the AB 549 report to the Legislature
23 as well as working with your counterparts at the
24 Public Utilities Commission to encourage the
25 utilities to provide support for these kinds of

1 programs.

2 As I understand it right now, there are
3 no programs in the 2009 filings that will directly
4 promote time of sale energy ratings. That's as a
5 result of the most recent decision by San Diego
6 Gas & Electric to remove funding for our program
7 in the San Diego marketplace. And so because
8 those programs are no longer funded I believe we
9 have a potential gap in the marketplace and it
10 will be difficult for parties to produce the
11 results expected here under this program. Thank
12 you for your consideration of my comments.

13 CHAIRPERSON PFANNENSTIEL: Thank you
14 very much.

15 MR. PENNINGTON: Could I make a comment?

16 CHAIRPERSON PFANNENSTIEL: Of course,
17 Mr. Pennington.

18 MR. PENNINGTON: Before you consider
19 adoption of this I would like to have you
20 recognize that this is Chairman Pfannenstiel's
21 game here. She pushed this, pushed staff to get
22 this done in her tenure. Kept us at it and, you
23 know, provided a lot of encouragement to us.

24 COMMISSIONER BYRON: Well you just made
25 it, though.

1 MR. PENNINGTON: We just made it, you
2 know. So from my vantage point this should be
3 part of the best of Jackie. A list of things that
4 go on resolutions.

5 CHAIRPERSON PFANNENSTIEL: Thank you.

6 MR. PENNINGTON: And congratulations.

7 CHAIRPERSON PFANNENSTIEL: I appreciate
8 that. In fact, I was thinking as people were
9 talking that when I first came in one of my first
10 major challenges here at the Commission was
11 working on the AB 549 report, which was a required
12 report for the Legislature on what we could do to
13 achieve greater energy efficiency in existing
14 buildings.

15 So one of my greatest frustrations in my
16 five years, and I think as Commissioner Rosenfeld
17 said at the outset, that one of the things we
18 haven't gotten as far as we wanted to was to
19 capture that low-hanging fruit of the efficiency
20 of existing buildings.

21 We did the 549 report and in it we said
22 we really needed time of sale legislation but at
23 least we needed the HERS regulations. So I want
24 to thank the staff and commend the staff, Bill and
25 Helen and the whole group that -- and Bruce. The

1 people who have worked on this for several years
2 to get in place the system that is necessary. It
3 is absolutely essential for getting to that low-
4 hanging fruit.

5 Now I look to my fellow Commissioners to
6 say, now we have to take it the next step further.
7 Whether it is legislation or what we can do absent
8 legislation, we need to find a way of getting
9 those buildings. And maybe we use the economic
10 stimulus funding to get those 13 million
11 residential buildings in California up to a Title
12 24 standard. So I appreciate that.

13 Are there further questions or
14 discussion for this item?

15 MR. CHAMBERLAIN: Madame Chairman.

16 CHAIRPERSON PFANNENSTIEL: Yes.

17 MR. CHAMBERLAIN: If I could just make a
18 clarifying statement with respect to the express
19 terms. I just notice that there are a few places
20 in the express terms where it appears that defined
21 terms have been used without capitalizing those
22 terms and our office will go through these express
23 terms and make those changes. Not changing the
24 terms but just changing the capitalization to be
25 sure there is clarity.

1 CHAIRPERSON PFANNENSTIEL: Thank you,
2 Mr. Chamberlain, I appreciate that. Other
3 comments? Yes, Commissioner Douglas.

4 COMMISSIONER DOUGLAS: I had just one or
5 two brief comments. First I would really like to
6 underscore the importance of these regulations and
7 my very strong support for them.

8 And secondly, Bill Pennington is exactly
9 right. This is Jackie's leadership that helped us
10 get here. I have had, I am not on the Efficiency
11 Committee and I had really very little personal
12 involvement in this rulemaking but I had multiple
13 meetings with Jackie about time-of-sale and did
14 what I could to cheer her on as this went forward.
15 But she really, this is one where she and staff
16 picked up the ball and ran.

17 And I am so happy that we have in fact
18 gotten to wrap this stage up. And I very much
19 look forward to being part of the effort to figure
20 out what we do next to pick this up and take full
21 advantage of it. It is, it is absolutely
22 foundational to actually be able to assess and
23 rate the energy efficiency of existing homes and
24 give people clear and transparent information on
25 what can be done to improve the performance of

1 those homes.

2 And it opens the door, just having the
3 system opens the door to amazing possibilities in
4 terms of what we can do to reduce energy use in
5 California and to benefit home owners and to
6 provide better information to potential home
7 buyers and so on. So it is a tremendous
8 achievement and I very strongly support it.

9 CHAIRPERSON PFANNENSTIEL: Thank you.
10 Are there --

11 COMMISSIONER ROSENFELD: I want to make
12 one other remark following Karen's remark.

13 CHAIRPERSON PFANNENSTIEL: Of course,
14 Commissioner Rosenfeld.

15 COMMISSIONER ROSENFELD: First of all,
16 again, thanks Jackie, you pushed this tenaciously
17 for five years. I want to say one bright light on
18 the horizon. We have been talking so far about
19 doing something at time-of-sale. We have not done
20 so well with the California Association of
21 Realtors.

22 The time to retrofit a home is when
23 capital is available. There is a new idea on the
24 horizon, which most of you know but I just want to
25 say, I want to bring it in. The City of Berkeley

1 and the City of Palm Desert have invented this
2 idea of a municipal financing district to do
3 energy efficiency and renewable energy. That
4 means that you don't have -- the capital will
5 become available not only at the time of sale but
6 any time that the homeowner requested that the
7 City upgrade his or her premises. And the capital
8 becomes available and you pay it back on your real
9 estate taxes.

10 And we have to figure out how to
11 incorporate that into this problem also. I have
12 been trying to insert that into the discussions of
13 retrofit stimulus -- economic stimulus packages
14 that's going on at the federal level.

15 So I would like to move the item. But
16 before doing that I want to add my praise of the
17 staff and its amazing ability to work with all
18 these stakeholders. You certainly pulled off a
19 good show with everybody supporting this in
20 principle and egging us on.

21 So I am very happy with what we got done
22 under Jackie's terms and I would like to move the
23 item. As I understand it, there are two
24 publications in our binder. But by moving the
25 regulations we incorporate the technical manual.

1 MR. PENNINGTON: That's correct.

2 COMMISSIONER ROSENFELD: So I move the
3 HERS regulations.

4 CHAIRPERSON PFANNENSTIEL: Thank you.
5 Further discussion? Yes, Commissioner Byron.

6 COMMISSIONER BYRON: Brief comment. I
7 would like to acknowledge certainly the public
8 participation here today. Thank you very much for
9 being here and bringing all your love with you.

10 (Laughter)

11 COMMISSIONER BYRON: We don't always get
12 this kind of --

13 VICE CHAIRMAN BOYD: Tis the season.

14 COMMISSIONER BYRON: Yes. But no, the
15 public participation is extremely important to
16 this, I would like to acknowledge that. It has
17 been very helpful for this Commissioner to hear
18 this discussion today. And of course,
19 Mr. Pennington and staff, the accolades. The
20 example that you set on how to do this I think is
21 outstanding. A good example for how we should do
22 everything here at the Commission. So my thanks
23 to you as well.

24 CHAIRPERSON PFANNENSTIEL: The item has
25 been moved. Is there a second?

1 COMMISSIONER DOUGLAS: Second.

2 CHAIRPERSON PFANNENSTIEL: All in favor?

3 (Ayes.)

4 CHAIRPERSON PFANNENSTIEL: Approved.

5 MS. LAM: Thank you.

6 MR. PENNINGTON: Thank you very much.

7 CHAIRPERSON PFANNENSTIEL: Thank you
8 very much, both of you.

9 Moving on then. Item 15, possible
10 adoption of forms and instructions for the Demand
11 Forecast and Resource Plan Data Request in support
12 of the 2009 Integrated Energy Policy Report.

13 MS. GOUGH: Good morning. I am Andrea
14 Gough. Over to my left is Jim Woodward and to his
15 left Tom Gorin. We are part of the electricity
16 supply analysis division. I am presenting for
17 possible adoption by the Energy Commission two
18 sets of forms and instructions in support of the
19 2009 Integrated Energy Policy Report, fondly known
20 as IEPR.

21 One set of forms and instructions
22 support the Commission's own forecast of
23 electricity demand. The other set of forms and
24 instructions support the Commission's assessment
25 of electricity resources plans by utilities and

1 other load-serving entities. Both sets of forms
2 require load-serving entities with annual peak
3 demand greater than 200 megawatts to provide
4 energy peak demand forecasts through the year 2020
5 and to provide supply resource plans through the
6 year 2018.

7 There are three primary purposes for
8 these data requests. One is to provide a point of
9 comparison to our forecast that will be hopefully
10 adopted in the 2009 IEPR.

11 Second is to provide data staff need to
12 develop their own forecast. This data includes
13 historic energy and load information, electricity
14 price information, and information from utilities
15 on their current and expected impacts of energy
16 efficiency, demand response and renewable
17 programs.

18 The third purpose for the data request
19 is for resource plans from load-serving entities
20 that provide information about their planning
21 assumptions, their long-term resource portfolio
22 changes and then their near-term commitments for
23 resource adequacy.

24 The instructions direct load-serving
25 entities to submit these completed forms to the

1 Commission by February 13, 2009.

2 Let me mention there is also a third set
3 of forms and instructions that collect
4 transmission information for the 2009 IEPR and
5 those will be presented at a future Business
6 Meeting. They come from the siting and
7 transmission division.

8 Overall this data request is very
9 similar to what we have requested for the 2007
10 IEPR proceeding. There's three notable
11 exceptions. First, the methodology section of the
12 demand forecast forms require substantially
13 increased documentation about the methods used to
14 quantify the impacts of energy efficiency programs
15 in the utilities demand forecasts.

16 The second change from the 2007 IEPR is
17 that there is an abbreviated version of the retail
18 electricity price forms that are included as part
19 of the demand forms rather than submitting a
20 separate package of forms and instructions that
21 require price information.

22 And then the third change from the 2007
23 IEPR is that the resource plan information
24 requires only one forecast year with monthly data.
25 Utilities can choose whether it will be 2009 or

1 2010, provided by month. And then all other
2 historic and forecast years can be reported in
3 annual amounts.

4 Also all publicly-owned utilities are
5 once again asked to provide narrative reports that
6 describe their adopted adequacy standards and
7 their procurement requirements and planning
8 protocols used to assure their obligations are
9 being met. This was voluntary during the 2007
10 IEPR but is now a regulatory requirement to assure
11 resource adequacy by the publicly-owned utilities.

12 So as part of the process for the 2009
13 IEPR a draft set of forms and instructions were
14 issued in early November. Staff held a workshop
15 on November 13 and received comments and
16 suggestions from interested parties on both the
17 resource plans and the demand forecast forms. We
18 also received a few written comments.

19 The Commission's IEPR Committee
20 incorporated many of these comments and
21 suggestions into the forms and instructions that
22 were published on our website on December 5 for
23 review before this Business Meeting. So we are
24 now presenting those forms and instructions as two
25 Committee final reports for adoption at the Energy

1 Commission. Do you have any questions?

2 CHAIRPERSON PFANNENSTIEL: Thank you,
3 Ms. Gough. Questions?

4 COMMISSIONER BYRON: Yes.

5 CHAIRPERSON PFANNENSTIEL: Commissioner
6 Byron.

7 COMMISSIONER BYRON: Ms. Gough, was that
8 you I saw walking to work at six o'clock this
9 morning?

10 MS. GOUGH: No, that was at 4:25.

11 (Laughter)

12 MS. GOUGH: That was at 7:30 this
13 morning.

14 COMMISSIONER BYRON: Okay, my mistake
15 then. We look at this very carefully in the IEPR
16 Committee. We are always concerned about the
17 burden that these data requests place upon the
18 utilities but of course it is the data that we
19 need in order to do our job in the IEPR.

20 Is February 13 going to be sufficient
21 time for everyone to respond?

22 MS. GOUGH: Some utilities may request
23 extensions. It mentions in the instructions that
24 they can contact the Executive Director and ask
25 for extensions if February 13 turns out to be not

1 doable.

2 COMMISSIONER BYRON: And I know we are
3 looking for this data in order to accomplish our
4 goals by the end of the year, but we also want to
5 make sure we get all the committed energy
6 efficiency programs in as well. I know there was
7 a lot of discussion around that. So it is
8 extremely important that we evaluate the data, as
9 you impressed upon me.

10 So I guess I do want to go on the record
11 letting everyone know that we will grant some
12 extension if necessary but we have got to have
13 this data. That is why I am going to encourage my
14 fellow Commissioners that we vote for this today
15 to make sure that we do get a deadline set and
16 hope that we get the majority of them by then.

17 That's all I want to say. Thank you,
18 Ms. Gough.

19 CHAIRPERSON PFANNENSTIEL: Other
20 questions? Is there a motion?

21 COMMISSIONER BYRON: I move the item.

22 VICE CHAIRMAN BOYD: I would like to
23 second the item as the second member of the IEPR
24 Committee for 2009. And just let me say I know we
25 as an agency have been learning by doing with

1 regard to the energy report or IEPR. We have got
2 a lot of years under our belt now, as evidenced by
3 the fact that this Commissioner has to cycle back
4 now and do a second series. They seem to come in
5 three year phases.

6 But on that point, this 2009 is going to
7 be a banner year for lots of reasons. This needs
8 to be a banner report. The state has lacked a
9 significant energy plan for quite some time. This
10 agency has striven, and working with partners, to
11 provide guidance. I think there is a great
12 realization that guidance is needed and that this
13 document in the past has represented and presented
14 some very good thinking. And I think the 2009
15 report will be just that, a banner report.

16 I would ask the utilities, private and
17 investor-owned, to recognize that fact and the
18 needs of the state and they do all they can as
19 they have in the past. But really we need to get
20 our nose to the grindstone this year and get some
21 data that we can all use.

22 And therefore while I would agree with
23 Commissioner Byron on legitimate requests for
24 extension certainly would be considered, I for one
25 want to hold us to as strict a timetable as

1 possible. As it is the timetable we have adopted
2 has us producing this report in December, which is
3 sliding under the wire in the nick of time.

4 And we want to make it a very meaningful
5 report so this first request is a very meaningful
6 request. As indicated, it contains a little more
7 than in the past and we will probably be asking a
8 lot more of people in the convening months as we
9 struggle to meet the needs of the state in the
10 energy area.

11 That's a long second but take that as a
12 second, please.

13 CHAIRPERSON PFANNENSTIEL: Moved and
14 seconded. Further discussion? All in favor?

15 (Ayes.)

16 CHAIRPERSON PFANNENSTIEL: Thank you
17 all, it's approved.

18 Item 16, possible adoption of a proposed
19 order to institute a rulemaking proceeding to
20 implement the Energy Commission's obligations
21 under the Waste Heat and Carbon Emissions
22 Reduction Act.

23 MR. LEMEI: Hi. I'm Galen Lemei, staff
24 counsel with the California Energy Commission. To
25 my right is Linda Kelly who is the staff lead on

1 the proposed rulemaking.

2 Staff is seeking a proposed order to
3 institute a rulemaking proceeding to implement the
4 Waste Heat and Carbon Emissions Reduction Act and
5 to fulfill the Energy Commission's obligations
6 thereunder.

7 The Act is designed to incent the
8 development of new combined heat and power
9 facilities with a capacity of less than or equal
10 to 20 megawatts in California. The Act requires
11 the Commission to develop technical criteria that
12 CHP facilities must meet to qualify for incentive
13 programs to be developed by the Public Utilities
14 Commission and municipal utilities, including a
15 standard tariff for the purchase of excess
16 electricity generated by qualifying CHP
17 facilities, and a program to finance development
18 of CHP by government and nonprofit entities.

19 To maximize the benefit to California
20 the proposed rulemaking provides for -- the
21 proposed order provides for collaboration between
22 staff of the Energy Commission and the Public
23 Utilities Commission in fulfilling their
24 respective responsibilities under the Act. The
25 order delegates authority over this rulemaking

1 proceeding to the Electricity and Natural Gas
2 Committee comprised of Commissioner Byron and Vice
3 Chair Boyd.

4 I would be happy to answer any questions
5 you may have at this time.

6 CHAIRPERSON PFANNENSTIEL: Thank you.
7 Commissioner Byron.

8 COMMISSIONER BYRON: We reviewed this in
9 committee. I would like to thank the staff
10 because they have been very responsive in
11 accelerating the schedule for this rulemaking in
12 order to match the PUC's schedule, which is
13 actually to complete their work by I believe
14 August. So I think that is extremely important.

15 I also last week spoke to the author of
16 this legislation about this and Ms. Kelly, you can
17 expect a phone call from Mr. Blakeslee. As you
18 know he talked to Ms. Byron about this but he is
19 very engaged in his legislation.

20 And it is really a tribute to good
21 legislation and to Assembly Member Blakeslee. I
22 note that we get some Assembly Members and
23 Senators and their staff that seem to take this
24 Commission on and we get others that seem to write
25 good legislation and engage the services of this

1 Commission very effectively. He has done that
2 before and I think you are going to do it on this
3 legislation and he will likely produce more.

4 But back to this. It is extremely -- I
5 am very optimistic about what we can accomplish
6 this year. This is a good piece of legislation
7 and I think we have the right staff working on
8 this. I am very keen to -- And I see Mr. Soinski
9 is enjoying this in the back there. To have the
10 right staff working on this.

11 And Commissioner Boyd, as you and I
12 discussed, visiting the President of the Public
13 Utilities Commission with regard to the IEPR
14 moving forward. I think we should also discuss
15 this one with him because he is the assigned
16 Commissioner. We have gotten good indication back
17 from PUC Commissioners that they are interested in
18 providing the response that I believe the author
19 of this legislation is looking forward to.

20 So again, I am very optimistic this
21 year. I wholeheartedly endorse this to my fellow
22 commissioners. That's a --

23 CHAIRPERSON PFANNENSTIEL: That's a
24 motion?

25 COMMISSIONER BYRON: Motion.

1 CHAIRPERSON PFANNENSTIEL: Is there a
2 second?

3 COMMISSIONER BYRON: I'll second the
4 motion and just say this is an area where we now
5 have to deliver, put our money where our mouth is.
6 Because this is a legislator who has paid a lot of
7 attention to the Integrated Energy Policy Report
8 and parrots back to us things that we have
9 suggested need to be addressed.

10 So this is another one of areas, CHP is
11 an area this Commission has featured multiple
12 times in various pronouncements about what
13 California's future should be predicated on. This
14 needs to play a role and now it is incumbent on us
15 to deliver. And I certainly agree that we need to
16 work closely with our partners in this at the
17 CPUC. I know President Peevey will receive us
18 gladly to work on this issue in the context of the
19 Integrated Energy Policy Report. Which he has
20 come to recognize and salute on various occasions
21 as being a very important document for us all to
22 pay attention to.

23 CHAIRPERSON PFANNENSTIEL: The item has
24 been moved and seconded. Any further discussion?
25 All in favor?

1 (Ayes.)

2 CHAIRPERSON PFANNENSTIEL: Thank you,
3 it's approved.

4 MR. LEMEI: Thank you.

5 CHAIRPERSON PFANNENSTIEL: Item 17,
6 approval of Minutes from the December 3, 2008
7 Business Meeting. Is there a motion for the
8 Minutes?

9 COMMISSIONER ROSENFELD: I move the
10 minutes.

11 COMMISSIONER BYRON: Second.

12 CHAIRPERSON PFANNENSTIEL: All in favor?

13 (Ayes.)

14 VICE CHAIRMAN BOYD: Abstention. Not
15 present.

16 CHAIRPERSON PFANNENSTIEL: On the
17 Commission Committee Presentations and
18 Discussions. I have asked Bill Chamberlain to
19 give us a presentation on the -- We are not going
20 to start there quite yet. I want to go through
21 the rest of the agenda so that -- The public is
22 obviously welcome to stay for Bill's discussion of
23 WECC but we should go through and then people who
24 want to leave before that may do so. Is there
25 other, are there other items in this category

1 though, in the Commission Committee Discussion?

2 VICE CHAIRMAN BOYD: Maybe a quick item.
3 I don't want to drag this out any longer. But I
4 just would mention that last week there was a
5 meeting facilitated, hosted by both the PUC and a
6 consulting firm that they had retained on the
7 subject of carbon capture and storage. It was
8 what they called the second annual meeting, it's
9 the first one that we have attended.

10 And we had the CEOs of the three major
11 investor-owned utilities in presence and many
12 representatives of the US Department of Energy and
13 the National Labs, both from California and
14 elsewhere. And we had an extremely productive
15 discussion of carbon capture and storage, both
16 terrestrial and geologic. And all gained a huge
17 understanding of what the Energy Commission has
18 been doing in this arena and what the WESTCARB
19 program is.

20 Which I think benefited them as well as
21 us in terms of showing that there is a huge
22 California presence and effort in dealing with
23 this, including for certain California utilities
24 who have chosen to invest their money in non-
25 California-based carbon capture and storage

1 research projects. Hopefully we will turn some of
2 that back, that attention back to California.

3 Anyway, very positive. Kelly
4 Birkinshaw, my advisor, accompanied me. And since
5 he was intimately involved in that program was
6 very helpful in explaining our case. But I must
7 admit, it was the US DOE who made the biggest
8 impression on everybody talking about California
9 and its programs. So I think a very positive
10 event. Enough said.

11 CHAIRPERSON PFANNENSTIEL: Thanks, Jim.

12 Chief Counsel Report, Mr. Chamberlain.

13 CHAIRPERSON PFANNENSTIEL: Thank you,
14 Madame Chairman. I want to thank the Commission
15 for making time for this presentation I am going
16 to give.

17 Also as I understand it there is a need
18 for a brief closed session at the end of the --

19 CHAIRPERSON PFANNENSTIEL: I think we
20 have exceed the time we had -- the closed session
21 was going to happen if we had time for it today.

22 MR. CHAMBERLAIN: Okay.

23 CHAIRPERSON PFANNENSTIEL: I think we
24 have decided we do not.

25 MR. CHAMBERLAIN: All right.

1 CHAIRPERSON PFANNENSTIEL: Thank you.

2 Executive Director Report?

3 MS. JONES: Good morning. I would just
4 like to say that it has been an honor and a
5 pleasure serving for you, Chairman Pfannenstiel.
6 You will be missed dearly. And I thank you for
7 the service that you have provided for the state
8 of California. Thanks.

9 CHAIRPERSON PFANNENSTIEL: Thank you,
10 Melissa.

11 Leg Director Report. I do not see --

12 MS. JONES: The Leg Director got called
13 to a meeting at the Legislature and he had no
14 report this morning.

15 CHAIRPERSON PFANNENSTIEL: A good place
16 for him to be.

17 Public Adviser Report.

18 MS. MILLER: I will keep it brief. I
19 just want to acknowledge that we got to work
20 together for a very short period of time, Chairman
21 Pfannenstiel.

22 In terms of public participation in our
23 siting cases, I want to thank you for the cases
24 that I have seen you at and I have attended for
25 allowing the public to participate and comment.

1 To the degree that you and I discussed before I
2 took this job where you emphasized to me the
3 importance of participation in our siting cases,
4 that it added value.

5 And I have witnessed your encouragement
6 of people, under-represented people in particular,
7 business as well. There is a fine balance between
8 business and local government and I have seen that
9 from you. And so I want to say thank you for your
10 encouragement of my office, your part in my
11 position. And also for your value that you have
12 given to public participation in our proceedings
13 here at the Energy Commission.

14 CHAIRPERSON PFANNENSTIEL: Thank you,
15 Elena, I really appreciate that.

16 Public Comment. I have a card from
17 Kathy Treleven from PG&E.

18 MS. TRELEVEN: Thank you, Chairman. I
19 just wanted to take a moment to add to the love.
20 And to say that on behalf of PG&E and on behalf of
21 myself, you have made PG&E a greener company. Not
22 just when you were there. But even with the
23 strong environmental leaders we have there now,
24 when I take home and my workers take back some of
25 the challenges and some of the questions that you

1 have brought to us in terms of renewables, AB 32,
2 even small communities, the deliberations that
3 take place have led to real changes over the last
4 five years. And we want to wish you the very
5 best. We will miss you and we look forward to
6 your future endeavors and wish you well. Thank
7 you.

8 CHAIRPERSON PFANNENSTIEL: Thank you,
9 Kathy, appreciate that. Further public -- Edison.

10 MR. ALVAREZ: I have to say something.

11 CHAIRPERSON PFANNENSTIEL: Mr. Alvarez.

12 MR. ALVAREZ: Manuel Alvarez, Southern
13 California Edison. Personally, on behalf of the
14 men and women of Southern California Edison who
15 have appeared before you and met with you and
16 discussed many issues, I would like to thank you
17 for your service.

18 We are all aware that during the process
19 of public policy formulation it appears that the
20 nature of the beast is that there's a lot of
21 conflict, a lot of controversy. It appears as a
22 competition. But you have always been the one who
23 has been looking for that sweet spot and trying to
24 identify what really the public interest is, which
25 is what we are really always after.

1 So on behalf of the company and myself I
2 would like to thank you for that. That is really
3 what you have provided here and that is really
4 what has always been our challenge, to find and
5 discover what the public interest is on any
6 particular time issue and questions that are
7 before us.

8 And the final thing I would like to
9 thank you for is not something you did at the
10 Energy Commission but something you did with the
11 Oakland Museum. And that is actually bringing the
12 Baseball Hall of Fame exhibit to California.

13 CHAIRPERSON PFANNENSTIEL: Here, here.

14 MR. ALVAREZ: I think everyone is aware
15 of my interest in baseball. Since I have not made
16 the trip to Cooperstown the exhibit in Oakland was
17 the next best thing and I will always thank you
18 for that. Thank you.

19 CHAIRPERSON PFANNENSTIEL: Great to
20 hear, thanks very much.

21 No further public comment. Then we will
22 be otherwise adjourned other than the much awaited
23 presentation by Mr. Chamberlain on WECC.

24 THE REPORTER: Commissioner, do you want
25 this recorded?

1 CHAIRPERSON PFANNENSTIEL: How does it
2 appear, Bill?

3 MR. CHAMBERLAIN: (Nodded).

4 CHAIRPERSON PFANNENSTIEL: It does not
5 need to be. It's a public meeting but it does not
6 need to be recorded. Thank you.

7 (Whereupon, at 12:33 p.m., the
8 business meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, JOHN COTA, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Business Meeting; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 31st day of December, 2008.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345□